

# Understanding the Defense Transportation System





*"Building a*

*Better Understanding of the*

*Defense Transportation System"*


**From the Commander in Chief, United States Transportation Command:**

On 15 July 1996, I assumed command of the United States Transportation Command (USTRANSCOM) with responsibility for the Defense Transportation System (DTS)--the most capable military transportation system in the world. The DTS earned its world-class reputation based on the hard work and dedication of the members of USTRANSCOM, its Transportation Component Commands, along with the Reserve Component and our commercial partners. USTRANSCOM's present force structure now allows rapid deployment from one to two nearly simultaneous Major Theater Wars in support of National Security Strategy requirements.

In response to customer feedback from our first Customer Day on 24 September 1996, we have prepared this handbook to provide a better understanding of the DTS. The Handbook introduces the DTS's customers, identifies strategic transportation assets and capabilities, and explains the payment process for services.

This is an exciting time for USTRANSCOM and the DTS as our nation reshapes its military forces to meet a changing economic and political environment. As our military forces become more dependent on strategic mobility, the DTS must be able to deliver--and on time.

I look forward to working with you as we build the DTS that will take us into the 21st Century.

  
**WALTER KROSS**  
General, USAF

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## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	iii
DEFINITION .....	1
BACKGROUND .....	1
RESPONSIBILITIES, ROLES, AND RELATIONSHIPS .....	1
EMPLOYMENT OF THE DTS .....	2
COMPONENT COMMANDS .....	2
AIR MOBILITY COMMAND .....	2
MILITARY SEALIFT COMMAND .....	3
MILITARY TRAFFIC MANAGEMENT COMMAND .....	3
RESERVE COMPONENTS .....	3
COMMERCIAL PARTNERS .....	3
U.S. Airline Industry .....	3
U.S. Maritime Industry .....	4
U.S. Domestic Transportation Industry .....	5
CUSTOMER BASE OF THE DTS .....	5
STATUTORY AND REGULATORY GUIDANCE .....	5
PUBLIC LAW .....	5
REGULATIONS AND DIRECTIVES .....	6
DTS SERVICES .....	6
STRATEGIC AIRLIFT .....	7
Assets .....	7
Suite of Airlift Capabilities .....	8
STRATEGIC SEALIFT .....	11
Assets .....	11
Suite of Sealift Capabilities .....	11
TRAFFIC MANAGEMENT .....	13
Assets .....	13
Suite of Traffic Management Capabilities .....	14
COMMAND AND CONTROL IN THE DTS .....	16
JOINT MOBILITY CONTROL GROUP .....	16
INFORMATION TECHNOLOGY .....	16
PAYMENT FOR SERVICES .....	17
LOOKING AHEAD IN THE DTS .....	20
APPENDIX	
A - REVENUE GENERATION IN THE DTS .....	A-1
B - SELECTED WORLD WIDE WEB LOCATIONS .....	B-1
GLOSSARY	
PART I — ABBREVIATIONS AND ACRONYMS .....	GL-1
PART II — TERMS AND DEFINITIONS .....	GL-7

## LIST OF FIGURES

1	The Defense Transportation System Includes TWCF and Non-TWCF Capabilities..	7
2	Total Costs of the DTS.....	7
3	Total Revenue of the DTS.....	7
4	Total Airlift Costs.....	8
5	Total Airlift Revenue.....	8
6	Airlift Readiness Account (ARA).....	8
7	Total Sealift Costs.....	11
8	Total Sealift Revenue.....	11
9	Total Traffic Management Costs.....	13
10	Total Traffic Management Revenue.....	13
A-1	Total Airlift Revenue.....	A-1
A-2	Channel Cargo Revenue.....	A-1
A-3	CAT A Revenue.....	A-2
A-4	CAT B Revenue.....	A-2
A-5	SAAM Revenue.....	A-3
A-6	Exercise Revenue.....	A-3
A-7	Total Sealift Revenue.....	A-4
A-8	Breakbulk Cargo Revenue.....	A-4
A-9	Container Cargo Revenue.....	A-5
A-10	Tanker POL Revenue.....	A-5
A-11	Fast Sealift Ship Revenue.....	A-6
A-12	PREPO Ship Revenue.....	A-6
A-13	Total Traffic Management Revenue.....	A-7
A-14	Traffic Management Operations Revenue.....	A-7
A-15	Port Operations Revenue.....	A-8

## *EXECUTIVE SUMMARY*

**BACKGROUND** The Defense Transportation System (DTS) is the worldwide transportation infrastructure that supports the Department of Defense (DOD) in peace and war. As single manager for defense transportation, the Commander in Chief, United States Transportation Command (USCINCTRANS) possesses combatant command and control of three Transportation Component Commands (TCCs) and all transportation assets of the military departments except those that are Service-unique or theater-assigned.

**COMPONENTS** The DTS is designed to ensure capability to get to the fight when necessary. Through partnering with customers and industry carriers, the United States Transportation Command (USTRANSCOM) is striving to ensure that when units, equipment, and supplies are needed anywhere on the globe, the nation will meet its promise to deliver. USTRANSCOM executes its mission through its transportation component commands, the Air Mobility Command (AMC), Military Sealift Command (MSC), and the Military Traffic Management Command (MTMC); the reserve components; and their commercial partners in the Civil Reserve Air Fleet (CRAF), Voluntary Intermodal Sealift Agreement (VISA), and the Contingency Response (CORE) program.

**GUIDANCE** The DTS is governed by numerous laws, regulations, and directives. Notable laws include the Cargo Preference Acts of 1904 and 1954, the Jones Act, and the Fly America Act. The role of the DTS is established in Joint Pub 4-01, "Joint Doctrine for the Defense Transportation System," and USTRANSCOM's charter is established by DOD Directive 5158.4, "United States Transportation Command." The primary source for DTS procedures is the Defense Transportation Regulation (DOD Regulation 4500.9).

**SERVICES** Transportation assets and capabilities used within the DTS either generate revenue or provide tailored customer service at the best value. Those bringing neither revenue nor value to the system are considered outside the DTS.

AMC's organic fleet of air mobility aircraft are joined by commercial air carriers to provide the global reach to deliver cargo and personnel anywhere in the world in a matter of hours. The unique suite of airlift capabilities includes: Channel, Category (CAT) A, CAT B, General Services

Administration (GSA) City Pairs, GSA Domestic Small Package, Tenders, and Special Assignment Airlift Missions (SAAMs), and accounts for 59% of DTS revenue.

MSC's government-owned and chartered fleet of ships and contracts with ocean carriers provides the bulk of USTRANSCOM's cargo carrying capability. The unique suite of sealift capabilities includes: Dry Cargo Operations, Petroleum Tanker Fleet, Contingency Support Fleet and intermodal contracts and agreements, and accounts for 32% of DTS revenue.

MTMC's assets provide coordination of force movement, status of worldwide infrastructure, and seaport operations. The unique suite of traffic management capabilities includes: Freight and Passenger Traffic Management, Deployability Engineering, Intermodal Transportation Systems, and Worldwide Port Operations, and accounts for 9% of DTS revenue.

**CONTROL** The Joint Mobility Control Group (JMCG) orchestrates and optimizes DTS operations for our customers and through its Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) systems provides total visibility of movement requirements and command and control of global mobility forces and other assets.

**PAYMENT** The DTS is funded by the Transportation Working Capital Fund (TWCF) — a revolving fund formerly known as the Defense Business Operations Fund - Transportation (DBOF-T). The TWCF links costs and performance through total cost visibility and full cost recovery. Under this financial structure, the distortion between the cost and price of support is eliminated, revealing the "true cost" of services. The TWCF is financed through customer reimbursement rather than direct appropriation of funds, except Air Force and Army readiness costs, which are funded through Service channels.

**FUTURE** Guided by its strategic vision, USTRANSCOM has a plan to shape the DTS to meet customer needs amidst the challenges and opportunities of a changing economic and political future.

## **UNDERSTANDING THE DEFENSE TRANSPORTATION SYSTEM (DTS)**

### **DEFINITION**

#### Defense Transportation System

*"That portion of the worldwide transportation infrastructure which supports Department of Defense transportation needs in peace and war. The Defense Transportation System consists of those military and commercial assets, services, and systems organic to, contracted for, or controlled by the Department of Defense..."*

DOD Regulation 4500.9 - Defense Transportation Regulation.

### **BACKGROUND**

The DTS is an integral part of the whole United States transportation system and involves the procedures, relationships, and interrelationships of the Department of Defense (DOD) and the federal, commercial, and non-U.S. activities that support DOD transportation needs. Support of U.S. national strategy includes modern, flexible, and responsive global transportation capable of integrating military, commercial, and host-nation resources. The U.S. Transportation Command (USTRANSCOM) provides global transportation management, employing an integrated transportation system across the range of military operations.



In 1987, USTRANSCOM was established as the DOD's single wartime manager for common-user lift. USTRANSCOM's role was modified in February 1992 by a Secretary of Defense Memorandum (later superseded by DOD Directive 5158.4 on 8 January 1993),

designating the Commander in Chief, U.S. Transportation Command (USCINCTRANS) the single manager for defense transportation during peace and war. This "charter" transferred combatant command of the Air Mobility Command (AMC), Military Sealift Command (MSC), and Military Traffic Management Command (MTMC), as well as all transportation assets of the military departments, except for Service-unique or theater-assigned assets, to USTRANSCOM.

*USTRANSCOM's mission: "To provide air, land, and sea transportation for the Department of Defense both in time of peace and time of war."*

To carry out that mission, USTRANSCOM coordinates the movement of troops and materiel via military and commercial modes of transportation. Additionally, the command provides direction, control, and supervision of cargo and passenger transportation services. The USTRANSCOM Mobility Control Center (MCC) serves as the focal point for transportation management of all common-user organic and commercial lift and can be contacted toll free by calling (888) USTC-MCC.

### **RESPONSIBILITIES, ROLES, AND RELATIONSHIPS**

The Secretary of Defense is responsible for transportation planning and operations within the DOD while the Chairman of the Joint Chiefs of Staff (CJCS) reviews and evaluates movement requirements and resources and allocates capability when required. USCINCTRANS provides air, land, and sea transportation and common-user port management for DOD through its



Transportation Component Commands (TCCs)—AMC, MSC, and MTMC. This includes the effective use of commercial and theater military transportation assets through deployment and redeployment plan development, the Joint Movement Center (JMC), and the Joint Transportation Board (JTB). The Services retain responsibility for organizing, training, equipping, and providing logistics support for their respective forces.

The Department of Transportation (DOT) has the lead National Security Emergency Preparedness responsibility to develop plans to promote and manage overall national policies, programs, procedures, and systems to meet essential civil and military transportation needs in national security emergencies. The DOT is prepared to provide direction to all modes of civil transportation in national security emergencies, including: air, surface, water, pipelines, and public storage and warehousing. This direction may include implementation of priorities for all transportation resource requirements for service, equipment, facilities, and systems; allocation of transportation resource capacity; and emergency management and control of civil transportation resources and systems. These functions are carried out by DOT agencies, such as, the Federal Aviation Administration (FAA), Federal Highway Administration (FHWA), Federal Railroad Administration (FRA), U.S. Coast Guard (USCG), and the Maritime Administration (MARAD) (MARAD is described in greater detail in the Glossary, on page GL-11).

### EMPLOYMENT OF THE DTS

During wartime, the supported commander in chief (CINC) coordinates with the supporting CINCs and the Services to establish movement requirements by

developing a deployment and/or redeployment database, or time-phased force and deployment data (TPFDD), in the Joint Operation Planning and Execution System (JOPES). Validated requirements are entered into the DTS for movement.

In peacetime, USTRANSCOM uses traffic management processes to forecast movement requirements, allocate transportation resources, execute movement of cargo and personnel, and report on those movements. The Services and the Defense Logistics Agency (DLA) are responsible for determining, collecting, and submitting to USTRANSCOM movement requirements for airlift, sealift, and continental United States (CONUS) civil transportation.

### COMPONENT COMMANDS

USTRANSCOM executes its mission through its TCCs and its reserve components and commercial partners. The roles and responsibilities of each of the TCCs and a description of USTRANSCOM's reserve components and commercial partners are summarized below:

#### AIR MOBILITY COMMAND



Headquartered at Scott Air Force Base, Illinois, AMC is a U.S. Air Force major command. As the air force component command of USTRANSCOM, AMC provides common-user and exclusive-use airlift and aeromedical evacuation transportation services for deploying, employing, sustaining, and redeploying U.S. forces wherever they are needed worldwide. Additionally, AMC is the worldwide aerial port manager and, where designated, operator of common-user aerial ports of embarkation (APOEs) and/or aerial ports

of debarkation (APODs). AMC is the single point of contact with the commercial airline industry for procurement of DOD domestic and international airlift services and administers and executes the Civil Reserve Air Fleet (CRAF).

**AMC's Mission:** *"The Air Mobility Team .. Responsive Global Reach for America .. Every Day!"*

## MILITARY SEALIFT COMMAND



Headquartered in Washington, D.C., MSC is a major command of the U.S. Navy. As the sea component of USTRANSCOM, MSC provides common-user and exclusive-use sealift transportation services to deploy, employ, sustain, and redeploy U.S. forces across the globe between seaports of embarkation (SPOEs) and seaports of debarkation (SPODs). MSC provides sealift with a fleet of government-owned and chartered U.S. flag ships and through contracts with commercial ocean carriers. MSC administers and executes the Voluntary Intermodal Sealift Agreement (VISA).

**MSC's Mission:** *"Meet Department of Defense requirements by providing efficient sea transportation, combat ready logistics forces, and reliable special mission ships in a seamless transition from peace to war."*

## MILITARY TRAFFIC MANAGEMENT COMMAND



With its headquarters in Falls Church, Virginia, MTMC is a U.S. Army major command. As the land component of USTRANSCOM, MTMC is the continental United States (CONUS) transportation manager providing common-user ocean

terminal services, traffic management services (origin to destination), and management of integrated transportation systems (origin to port) to strategically deploy, employ, sustain, and redeploy U.S. forces. MTMC also conducts transportation engineering to ensure deployability and feasibility of present and future military systems and administers the Contingency Response (CORE) program.

**MTMC's Mission:** *"Support the Department of Defense Components and the mobilization community worldwide during peace and war with proactive planning, immediate response to crises, and 21st Century Technologies. Provide excellence in Traffic Management, Terminal Operations, Information Management, and Transportation Engineering."*

## RESERVE COMPONENTS

USTRANSCOM relies heavily upon its partners in the Reserve and National Guard components. With roughly one-third of USTRANSCOM's organic capability coming from the Reserve Component, no unified command is more dependent on early call-up of its reserves than USTRANSCOM. Fully, 46 percent of AMC's airlift capability, 88 percent of MSC's sealift capability, and 56 percent of MTMC's traffic management capability come from the reserve components. These forces work every day with their active-duty counterparts in the TCCs as part of a fully-integrated team.

## COMMERCIAL PARTNERS

### U.S. Airline Industry

The Civil Reserve Air Fleet (CRAF) is composed of commercial air resources committed to support the movement of military forces and materiel worldwide. It

contributes about one third of USTRANSCOM's wartime airlift capability. Aircraft from participating carriers are divided into three segments—International, Aeromedical, National—and are typically measured in wide body equivalents (WBE) in the long range



international (LRI) segment (roughly equal to a B-747-100).

The CRAF program seeks to match the capability levied by the Joint Staff in accordance with the Mobility Requirements Study-Bottom Up Review Update (MRS BURU). Joint Staff requirements include 136 WBE passenger aircraft and 120 WBE cargo aircraft, with an additional 31 B-767 aircraft for aeromedical evacuation.

CRAF may be activated incrementally within three stages to meet varying levels of defense emergencies. Each of the stages is activated by USCINTRANS with the approval of the Secretary of Defense. Stage I is composed of long-range assets and, when activated, carriers are given a maximum of 24 hours after mission assignment to respond to the initial mission onload location. If first stage assets are insufficient to meet airlift requirements, Stage II can be activated. Stage II, composed of aircraft from all three CRAF segments, has a 24-hour response time after mission assignment with the exception of its aeromedical segment, which has 48 hours to respond. Both stages I and II were

activated during Operations DESERT SHIELD/STORM. Finally, full CRAF capability is represented in Stage III with a response time of 48 hours.

CRAF forms the vast majority of the DOD's passenger airlift capability, as proven during Operations DESERT SHIELD/STORM, when 64 percent of the passengers in the deployment phase and 84 percent in the redeployment phase were moved by commercial air. CRAF cargo aircraft are capable of moving all bulk and some oversized cargo, but because of structural limitations, they cannot carry outsize cargo. During Operations DESERT SHIELD/STORM, CRAF moved 27 percent of all airlifted cargo deployed to the Gulf. Later, it carried 40 percent of the cargo redeployed via airlift.

### **U.S. Maritime Industry**

The Voluntary Intermodal Sealift Agreement (VISA) is a CRAF-like program developed by the DOD and DOT that requires U.S. ocean carriers to contractually commit ship capacity and intermodal resources to USTRANSCOM during military contingencies in return for peacetime business. When VISA is activated, USCINTRANS will notify the MARAD which will, in turn, allocate capacities to meet requirements. When fully implemented, VISA will become DOD's primary sealift readiness program.

Advantages of VISA: Promotes a seamless peace to war transition; requires carriers to commit capacity vice entire ships; helps minimize economic disruption; provides complete intermodal, terminal and management services; permits joint planning between DOD, MARAD, and carriers; permits carriers to pool and rationalize equipment and services to meet contingency requirements.

### **U.S. Domestic Transportation Industry**

The Contingency Response program (CORE) supports the acquisition of domestic civil transportation resources during military deployments. This voluntary program provides DOD commercial transportation service support and priority for commercial transportation prior to and during contingency and mobilization. The CORE network has 17 industry associations and 12 government agencies to be used during times of crisis or national emergency to ensure combat power gets to where it is needed. The legal foundation of the CORE program is the Defense Production Act of 1950.

CORE was used during Operations DESERT SHIELD/STORM to support resource acquisition for commercial transportation, coordinate hazardous materials movement, provide liaison to the U.S. Coast Guard for port security support, perform source identification for emergency lease and/or purchase of commercial heavy equipment transporters, and coordinate the evaluation of supplemental commercial ammunition loading ports.

### **CUSTOMER BASE OF THE DTS**

Air, sea, and surface shipments moving within the DTS result from actions provided in response to specific requirements imposed on the system by authorized users. These requirements are levied upon the DTS by its customers. All those identified below, with the exception of the Unified CINCs, are direct bill payers for actual services provided.

Unified CINCs  
Joint Chiefs of Staff (JCS)  
Military Services  
Defense Logistics Agency (DLA)

Exchange Services (Army Air Force Exchange Service (AAFES), Navy Exchange Service Command (NEXCOM))  
Defense Commissary Agency (DeCA)  
Military Postal System  
Other DOD Agencies  
Other Departments, Agencies, and Organizations  
- Department of State  
- Federal Agencies (Central Intelligence Agency (CIA), Federal Emergency Management Agency (FEMA), etc.)  
- United Nations  
- North Atlantic Treaty Organization (NATO)

## ***STATUTORY AND REGULATORY GUIDANCE***

Many laws and regulations impact operations within the DTS. Primarily, laws affecting the DTS impose specific restrictions over which commercial carriers can be used to transport DOD cargo and passengers. Significant laws are outlined below along with the major regulations governing DTS operations, including their assigned proponents.

### **PUBLIC LAW**

Cargo Preference Act of 1904 - Requires DOD to ship 100% of its cargo on U.S. flag vessels except when MSC (delegated by the Secretary of the Navy (SECNAV)) determines that no U.S. flag vessel is available or when SECNAV finds that proposed freight charges are excessive or unreasonable. The McCumber Amendment prohibits U.S. flag carriers from charging DOD higher prices than private persons for carrying like goods.

Cargo Preference Act of 1954 - Requires any federal agency to ship 50 percent of the

gross tonnage of equipment, materials, or cargo on privately owned, U.S. flag commercial vessels to the extent the vessels are available at fair and reasonable rates. Generally, for DOD cargo, the 1904 Act is more demanding than the 1954 Act and compliance focuses on the 1904 Act.

Merchant Marine Act of 1920 (Jones Act) - Requires the use of U.S. flag, U.S.-owned, U.S.-built vessels in the transportation of all merchandise between U.S. ports/possessions (Cabotage Law).

Title 49 USC Section 40118 (Fly America Act) - Requires the DOD to use U.S. flag air carriers for international air transportation of cargo and passengers unless a U.S. carrier is unavailable or cannot accomplish the mission. Code sharing, U.S. carrier's lease of space on a foreign carrier's aircraft, is allowed.

Title 49 USC Section 41106 (FAA Act of 1958) - Requires that all DOD air transportation contracts over 30 days duration be with a CRAF carrier.

DOD Directive 4500.9 and DOD and U.S. Transportation policies state that the DOD will own and operate its own vessels only when commercial service is not available. Commercial service is normally considered unavailable for military exercises, hard to lift ports (Johnston Atoll, Diego Garcia, etc.), ammunition shipments, and outsized cargo (aircraft, ship propellers, etc.). Availability of commercial service is usually determined by testing the commercial market.

## REGULATIONS AND DIRECTIVES

Significant regulatory guidance and assigned proponents:

- Federal Acquisition Regulation (FAR), DOD and Service FAR Supplements (General Services Administration (GSA))
- DOD Directive 4500.9 Transportation and Traffic Management (Deputy Under Secretary of Defense (Logistics) (DUSD(L)))
- DOD Regulation 4500.9 Defense Transportation Regulation—(DTR) (USTRANSCOM Directorate of Logistics (TCJ4-D)). The DTR consolidates multi-Service publications to streamline/simplify transportation procedures and eliminate duplication. It has four parts:
  - DTR Part I, Passenger Movement
  - DTR Part II, Cargo Movement
  - DTR Part III, Mobility
  - DTR Part IV, Personal Property
- DOD Reg 4500.32-R MILSTAMP (Defense Logistics Standards Management Office (DLSMO))
- DOD Reg 4500.53 Air Carrier Analysis (AMC)
- DOD Reg 4515.13 Air Transportation Eligibility (Headquarters, U.S. Air Force)
- DOD Dir 5158.4 USTRANSCOM Charter (USTRANSCOM)
- Joint Pub 4-01 Joint Doctrine for the Defense Transportation System (USTRANSCOM)

## DTS SERVICES

The DTS encompasses an entire suite of assets and capabilities that are used efficiently and effectively to move passengers and cargo around the world. While some of the capabilities employ assets which bring revenue to the Transportation Working Capital Fund (TWCF), others provide tailored service to the customer at the best value. Those which bring neither revenue nor value to the TWCF are considered outside the DTS and, as such, reduce the value of the overall system. DTS assets and capabilities are shown in Figure 1.



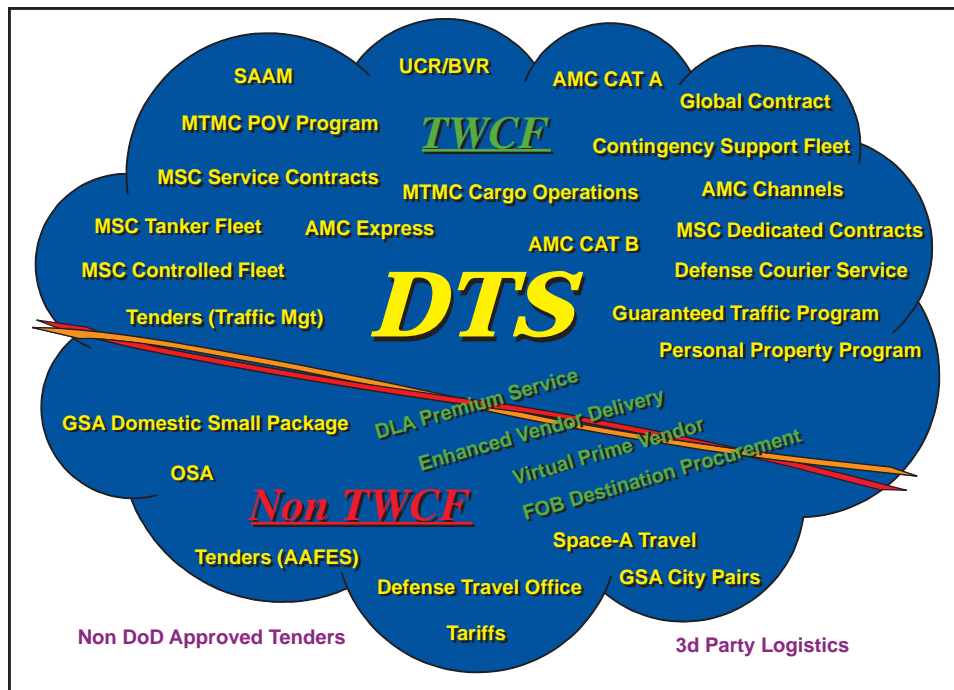


Figure 1. The Defense Transportation System Includes TWCF and Non-TWCF Capabilities.

Figures 2 and 3 depict the total costs and revenue of the DTS as categorized within each suite of capabilities. Additional detailed graphic representations of TWCF revenue within the DTS are provided in Figures A-1 through A-15.

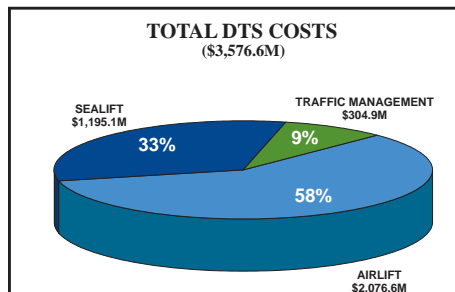


Figure 2. Total Costs of the DTS.

Cost and revenue figures do not include MTMC reimbursables, Post Office mail, airlift training and airlift accumulated operating result (AOR). Approximately \$600M is excluded from the figures because these funds are not used to provide transportation services to the customer.

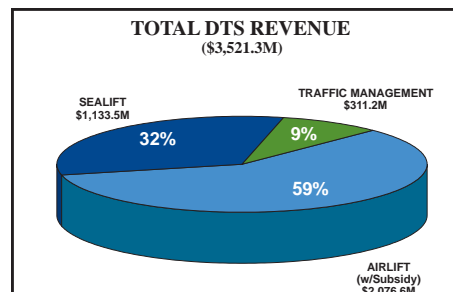


Figure 3. Total Revenue of the DTS.

The diverse inventory of assets and suites of airlift, sealift, and traffic management capabilities employed by each TCC are explained below.

## STRATEGIC AIRLIFT

### Assets

Aircraft organic to AMC provide the global reach to deliver cargo and personnel anywhere in the world in a matter of hours. AMC's core airlift fleet (including primary

aircraft inventory—PAI), the C-5 "Galaxy" (104), C-17 "Globemaster III" (23), and the C-141 "Starlifter" (170), have been augmented with all CONUS-based C-130 "Hercules" aircraft (438). AMC's aerial refueling fleet includes the KC-10 "Extender" (54) and KC-135 "Stratotanker" (442). Both of these aircraft can be used for air refueling and the airlift of cargo and personnel. Additionally, the C-9 "Nightingale" (11) and C-21 "Learjet" (51) provide primary aeromedical and operational support airlift, respectively.

Tanker aircraft on air refueling missions provide force extension and multiplier capabilities for both organic airlift and combat aircraft. Airlift aircraft on Joint Airborne/Air Transportability Training (JA/ATT) missions provide airlift capability outside the DTS. These missions are funded by Air Force Operations and Maintenance (O&M) funds and are not part of the TWCF.

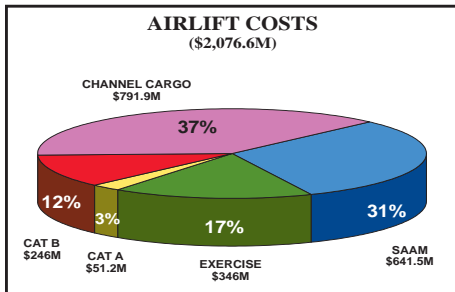


Figure 4. Total Airlift Costs.

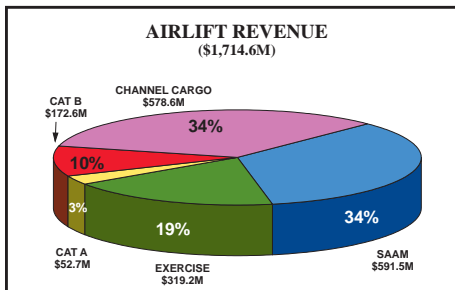


Figure 5. Total Airlift Revenue.

The U.S. commercial air carrier industry (scheduled and nonscheduled), and its

CRAF participants, play a major role in contract and tender movements of cargo and passengers. When necessary, and authorized, foreign flag carriers augment U.S. air carriers.

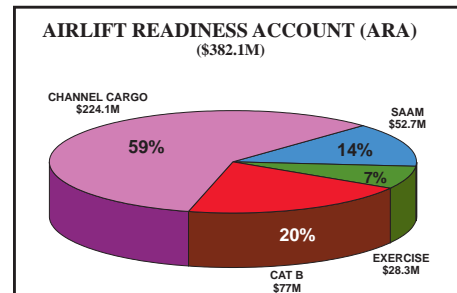


Figure 6. Airlift Readiness Account (ARA). Air Force readiness subsidies to the TWCF come from the ARA and are explained in greater detail on page 19).

## Suite of Airlift Capabilities

### Channel Airlift

Channel airlift missions support passengers and cargo moving over established worldwide routes (CINC or Service-validated) that are served by scheduled DOD aircraft under AMC control or commercial aircraft contracted and scheduled by AMC. These missions provide requirements, frequency, and express airlift services to meet customer needs. AMC provides channel service from aerial port of embarkation (APOE) to aerial port of debarkation (APOD), and measures performance under Uniform Materiel Movement and Issue Priority System (UMMIPS) standards. There are 256 AMC channels (219 cargo/passenger and 37 passenger).

AMC establishes requirements channel airlift missions to support service between two points on a recurring basis, with actual movements dependent upon the volume of traffic. Joint Chiefs of Staff (JCS) Priority 3A3 applies. There are 180 requirements channels (151 cargo/passenger and 29 passenger).

Frequency channel airlift missions are established when traffic volume does not support the desired frequency of service. These channels support operational necessity and quality of life requirements in remote areas. JCS Priority 1B3 applies. There are 76 frequency channels (68 cargo/passenger and 8 passenger).



Pacific and Atlantic Express airlift missions operate daily from CONUS APOEs to outside CONUS (OCONUS) APODs (hubs). Additional missions are scheduled on spokes to move parts toward end users. Customer rates for channel airlift are established for cargo by pound and for passengers by person, and are contained in the AMC Rate Guide. Rates are intended to be commercially competitive and consider:

- Services forecast requirements by channel
- Budgeted revenue by channel
  - Inbound and outbound aircraft utilization
- Frequency underutilization
  - Passenger and cargo missions
  - Revenue does not meet budget target
  - Service-direct funds (\$20M)

FY98 Channel revenue is expected to be \$578.6M with a \$224.1M Air Force subsidy (DTS subsidies are discussed on page 19).

## CAT A

CAT A is a contract with the commercial air carrier industry allowing cargo to be individually waybilled between CONUS and overseas stations or between overseas stations. Rates are negotiated for each channel with a guaranteed minimum weight break for the carrier. The customer is billed at a rate per pound and service is performed based on the following:

- Four business day delivery to consignee
- Door-to-door (source of supply to consignee)
- Specific points of origin to specific destination
- Contractor-provided in-transit visibility (ITV)
- Full pallet (commercial air lines of communication (COMALOC))
- Less than full pallet (small package)
- Medical Express (MEDEX)

FY98 CAT A revenue is expected to be \$52.7M with no Air Force subsidy.

## CAT B

CAT B is an AMC-procured planeload charter on commercial aircraft. Passengers and/or cargo move in full planeload lots on other than a carrier's regularly scheduled commercial flights. Payment is made to the carrier via contract with AMC. Users reimburse AMC at the established common-user rate which is a specified rate per person per airplane.

FY98 CAT B revenue is expected to be \$172.6M with a \$77M Air Force subsidy.

## General Services Administration (GSA) City Pairs

GSA City Pairs is contract air service for official government travel. Policy



mandates its use by government employees. Fares apply one-way between specific airports and are considered greatest value available to the government. City Pair service does not generate revenue nor place a cost to the TWCF.

FY98 expected value: \$1.6B (Domestic - \$975M; International - \$625M).

#### GSA Domestic Small Package Program

The GSA Domestic Small Package Program is contract air service for domestic express delivery for packages up to 150 pounds, shipped to destinations more than 500 miles from origin. Rates are published in the contract and are considered greatest value available to the government, making DOD a mandatory user. MTMC is the DOD point of contact for the contract. Service and Defense Agency comments and concerns are focused through MTMC for resolution with GSA. There is no revenue generated from this contract for the TWCF.

Value: \$85.4M (for all federal agencies).

#### Tenders

Tenders are voluntary or negotiated offers by a qualified CRAF carrier to provide transportation services at specific rates that are negotiated for each traffic lane (established air route). Customers negotiate directly with carriers to establish or modify rates, charges, rules, and accessorial services. Tenders must be approved by AMC prior to use—use of tenders not approved by AMC is not allowed within the DTS. The customer executes orders under approved tenders using Commercial Bills of Lading (CBL), Government Bills of Lading (GBL), or by Local Payment Procedures (LOPA).

Service under tenders is based on commercial carrier capabilities into

geographic areas or lanes. A wide variety of service options exists and the shipper has maximum flexibility to choose a carrier based on cost and performance. Service includes:

- Door-to-door
- Counter-to-counter
- Door-to-counter
- Customer drop off/pickup

Money paid for services under tenders does not generate direct revenue for the TWCF. TWCF revenue comes from the Services through the traffic management reimbursement as assessed by MTMC. Charges reflect the use of CONUS Freight Management (CFM) to assess tenders. An undetermined number of international air shipments move under tenders.

#### Special Assignment Airlift Mission (SAAM)

A SAAM is a mission performing special pickup or delivery at points other than established AMC routes or channels. AMC assigns missions based on consideration of the following:

- Number of passengers
- Weight, size, or characteristics of cargo
- Urgency or sensitivity
- Other special factors

Rules and rates are contained in the AMC Rate Guide and are charged by the specified per-hour flying rate for the aircraft type used with a ten percent discount levied for requirements specified thirty days in advance (w/o significant change). SAAM discount does not include JCS exercise missions. Service is from origin to destination.

FY98 SAAM revenue is expected to be \$991.7M, including \$591.5M for SAAMs (plus \$52.7M Air Force Subsidy) and

\$319.2M for JCS Exercises (plus \$28.3M Air Force Subsidy).

Additional details of TWCF revenue and customer payments for airlift are provided in the Figures on pages A-1 through A-6.

## STRATEGIC SEALIFT

### Assets

MSC provides sealift with a fleet of government-owned and government-chartered U.S. flag ships and contracts with the ocean carrier industry. MSC's sealift capabilities include:

- MSC Dry Cargo Operations
  - Controlled Fleet
  - Commercial Maritime Industry
- MSC Petroleum Tanker Fleet
- Contingency Support Fleet
  - Fast Sealift Ships (FSS)
  - Afloat Prepositioning Force (APF)
    - Maritime Prepositioning Ships (MPS)
    - Army War Reserve (AWR-3)
    - Other Prepositioning Ships (PREPO)
  - Ready Reserve Force (RRF)
- VISA and Intermodal Contracts and Agreements

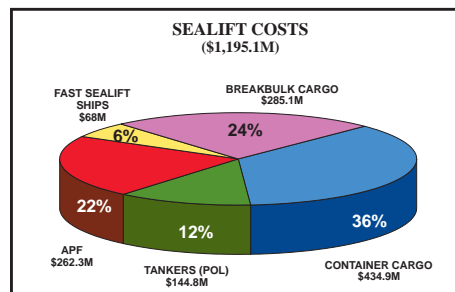


Figure 7. Total Sealift Costs.

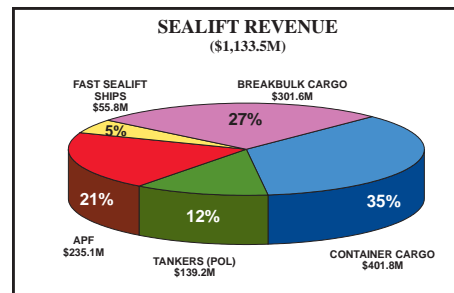


Figure 8. Total Sealift Revenue.

### Suite of Sealift Capabilities

#### MSC Dry Cargo Operations

**Controlled Fleet.** MSC acquired this fleet of 5 dry cargo ships to satisfy one-time voyage or long-term cargo lift requirements that cannot be filled by U.S. flag commercial liner operators, primarily breakbulk cargo. The fleet is sized based on the forecast of special category and exercise cargo, captured by type and route, which cannot be carried by regular commercial services. Services are from seaport of embarkation (SPOE) to seaport of debarkation (SPOD).

Rates charged to customers are based on Commander, MSC (COMSC) Billing Rates and are assessed by route traveled and type of cargo moved. Primarily, breakbulk cargo is lifted and billed by type commodity and actual manifested measurement tons over a listed route. Rates may also reflect the per diem for exclusive use of a vessel or unusual lifts that incur additional costs.

FY98 Breakbulk revenue is expected to be \$301.6M.

**Commercial Maritime Industry.** Agreements established with the ocean carrier industry allow the use of those carriers' regular schedules for the movement of primarily containerized, and some breakbulk, cargo at reduced rates. Where regularly scheduled

services are not available, or do not meet the particular customer's service requirements, Special or Dedicated Service contracts are established. All agreements and contracts are with U.S. flag carriers, preferably those participating in the VISA program, unless it is determined that such service is not available.

Service is from SPOE to SPOD for breakbulk and from origin to destination for container cargo. Delivery for Special and Dedicated Service is based on the terms of an individual contract.

Rates assessed to customers are based on COMSC Billing Rates and are assessed on routes traveled and type of cargo lifted. Breakbulk cargo is billed under the same set of commodity rules established for MSC's Controlled Fleet. Container cargo rates are all-inclusive and apply to all shipments regardless of actual service provided under the specific contract.

FY98 Container revenue is expected to be \$401.8M.

#### MSC Petroleum Tanker Fleet

A fleet of chartered or contractually operated ships (9) providing worldwide point-to-point movement of DOD bulk petroleum products. Primary customers are the Defense Fuel Supply Center (DFSC) and the Navy.

Service can be from, to, and between commercial sources or storage locations, military base storage sites, and for special delivery to Navy ships at sea. Rates assessed to customers are based on COMSC Billing Rates. Bulk petroleum movements are billed on a per diem basis based on the type and size ship used for transport.

FY98 Petroleum Tanker revenue is expected to be \$139.2M.



#### Contingency Support Fleet

Fast Sealift Ships (FSSs). Eight FSSs, with more than 30 knot capability, together can transport the equipment for one Army mechanized or armored division. Each FSS carries the equivalent of more than 130 C-5 loads of cargo.

Afloat Prepositioning Force (APF). Includes Maritime Prepositioning Ships (Marine Corps); Army War Reserve (Army); and Afloat Prepositioning Ships (Air Force, Navy, DLA).

Maritime Prepositioning Ships (MPS). Thirteen ships comprise three squadrons: MPSRON ONE in the Western Atlantic with four ships; MPSRON TWO at Diego Garcia with five ships; and MPSRON THREE in the Guam/Saipan area with four ships. Each squadron is within 5 days sailing of potential contingency sites and can support one Marine Corps Expeditionary Brigade of 16,500 men for 30 days.

Army War Reserve (AWR-3). Fourteen ships, loaded with a U.S. Army heavy brigade and theater/port opening packages, are located at Diego Garcia and in the Western Pacific and are able to deploy to potential contingency sites in the Middle or Far East within 12 days. Essentially floating warehouses, the ships hold the equipment necessary to support 10,000 U.S. Army personnel for 45 days. New construction and newly converted Large Medium Speed Roll On/Roll Off (RO/RO) Ships (LMSRs)

will eventually replace the seven RO/RO ships currently in AWR-3, expanding the AWR fleet to 2M square feet of cargo space. As conversion and new-construction ships are delivered to MSC, the interim-use Ready Reserve Fleet (RRF) ships will return to standby status.

Afloat Prepositioning Ships. Seven ships serve the Services, DLA, and DFSC: Three ships loaded with Air Force munitions are located at Diego Garcia and in the Western Mediterranean. The remaining four vessels consist of three Tanker ships belonging to DLA and a Navy Fleet Hospital ship. Two of the Tanker ships and the Fleet Hospital ship are located at Diego Garcia, while the remaining Tanker ship is located in the Western Pacific. These ships are commonly referred to as "PREPO Ships."

Ready Reserve Force (RRF). The RRF is a force of 95 ships maintained in a reduced operating status or a lay-up status by MARAD for use by DOD in a war or contingency. When activated, RRF ships will carry combat-surge and follow-on cargo and fall under the operational control of USTRANSCOM (exercised through MSC). RRF ships are crewed by civilian mariners employed by a MARAD contractor.

The FSS, APF, and RRF are strategic sealift resources that provide rapid response and worldwide strategic prepositioning. Assets and capabilities are used to satisfy exercise, surge, and contingency requirements only and cannot be used for routine movement of peacetime cargo. Rates are assessed directly to the user based on established per diem for a specific type of ship or direct reimbursement related to the operational costs for ships where per diem is not established.

FY98 Contingency Support Fleet revenue is expected to be \$290.9M (\$55.8M for FSS plus \$235.1M for prepositioning).

Additional details of TWCF revenue and customer payments for sealift are provided in Figures on pages A-4 through A-6.

## TRAFFIC MANAGEMENT

### Assets

The Military Traffic Management Command provides CONUS traffic management support for freight and passenger movements on both surface and air carriers, operates the Defense Freight Railway Interchange Fleet (DFRIF) of more than 1000 special use railcars, and administers the DOD highways, railroads, ports, and intermodal programs for national defense.

MTMC also monitors the status of worldwide infrastructure, including ports, inland waterways, pipelines and air facilities. Both in the U.S. and overseas, MTMC coordinates force movement to seaports, prepares the ports for ships and cargo, and supervises loading operations. MTMC operates common-user water terminals throughout the world including two CONUS ammunition ports.

Assets available to MTMC include:

- Common-User Ocean Terminals
- Commercial Access
- Transportation Engineering Agency
- Traffic Management Systems

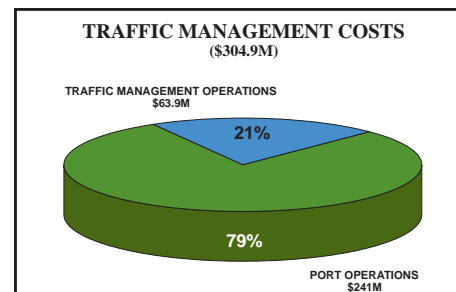


Figure 9. Total Traffic Management Costs

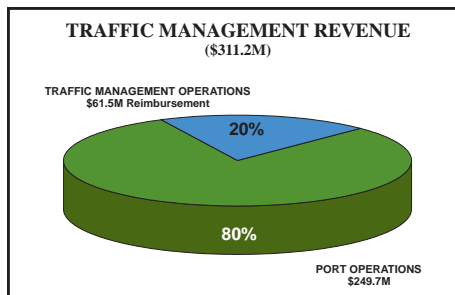


Figure 10. Total Traffic Management Revenue.

### Suite of Traffic Management Capabilities

#### Freight and Passenger Traffic Management

The following capabilities provide sources for services which enable the effective movement of DOD passengers and freight. The traffic management reimbursement was established in FY94 by the Under Secretary of Defense (Comptroller) to recoup the costs of MTMC's administration of these services for the DOD. FY98 expected revenue of \$61.5M will be generated through this reimbursement which is paid by each of the Services based on percentage of use. Descriptions of these services, and their value to the DOD, are outlined below.

**Tenders.** Voluntary or negotiated offers by qualified carriers to provide transportation service at specific rates or charges. Value: \$335M.

**Guaranteed Traffic Agreements.** Agreements by which carriers commit to provide transportation services in return for the right to all traffic from and to certain locations, regions, or geographic areas for a specific amount of time. Value: \$253M.

**GSA Domestic Small Package Program.** Next business day and second business day service for letters and packages from 1 to 150 pounds (previously presented on page 10). Value: \$85.4M (for all federal agencies).

**Personal Property Program.** Overall carrier qualification, rate solicitation, and quality control for household goods, unaccompanied baggage, and nontemporary storage shipments for DOD. Value: \$1.3B.

#### Deployability Engineering

As the DOD's transportation engineer, the MTMC Transportation Engineering Agency (TEA) administers DOD national defense programs for highways, railroads, ports and intermodal systems. Costs for in-house support are covered by a portion of revenue generated from the traffic management reimbursement. On-site surveys and studies are paid for by requesting activities on a direct cost reimbursable basis. TEA performs the following for the DOD:

- Conducts studies of multimodal transportation systems and installations.
- Conducts unit and force deployability analysis and exercise evaluations.
- Performs research and simulation analysis of the worldwide DTS.
- Develops transportability criteria/procedures for surface movement of cargo.



#### Integrated Transportation Systems

In support of traffic management automation, MTMC is tasked with the development and maintenance of several traffic management related systems. Costs



for these systems are offset in part by revenue generated from the traffic management reimbursement. Systems include:

CONUS Freight Management (CFM). DOD's primary automated transportation management system for freight movements within CONUS. CFM ensures correct payment of freight bills and supports MTMC's Best Value concept.

Transportation Coordinator Automated Command and Control Information System (TC-ACCIS). Provides automation of Army unit deployments and peacetime transportation functions at U.S. and overseas mobilization stations.

Transportation Operational Personal Property Standard System (TOPS). Automates and standardizes the DOD personal property movement and storage program for military members and DOD civilians worldwide.

#### Worldwide Port Operations

Both in the United States and overseas, MTMC coordinates force movements to seaports, prepares the seaports for ships and cargo, and supervises the loading operations. MTMC serves as the Single Port Manager (SPM) for all common-user seaports (SPOEs and SPODs) for DOD operations and contingencies. Seaport operations functions (basically stevedoring) are provided through civilian stevedore contracts, host nation support (HNS) agreements, Army Terminal Service Units, and/or Navy Cargo Handling forces. FY98 expected port operations revenue is \$249.7M, based on established MTMC billing rates priced per measurement ton (MTON) by commodity type, import/export, and geographical area. The following capabilities are employed:

Ocean Cargo Clearance Office (OCCA). Books DOD-sponsored cargo and passengers for surface movement, performs related contract administration, and accomplishes export/import traffic management functions for cargo moving in the DTS.

Integrated Booking System (IBS). IBS is an automated information system supporting MTMC's traffic management mission in the efficient and economical movement of cargo by commercial ocean carriers or MSC-controlled shipping during peace and war. CONUS unit IBS installation is complete. Nonunit IBS fielding will be completed by Jun 97.



Worldwide Port System (WPS). The single, standard common-user waterport documentation and cargo accountability system to support DOD's worldwide requirements.

Cargo Documentation. Generation of ocean cargo manifests using WPS to support in-transit visibility and billing for breakbulk and container cargo moving on MSC-controlled ships or under contracts/agreements negotiated by MSC with commercial sealift carriers.

Terminal Operations and Management. Maintains port presence or operating responsibility at designated worldwide terminals. Responsibilities include predeployment planning, contracting,

clearance, vessel loading and discharge, stow planning, and staging.

Privately Owned Vehicle (POV) Program. Operates, or manages through contract, vehicle processing centers at designated worldwide locations for the receipt and shipment of POVs moved by commercial ocean carriers under MSC contracts or agreements. Acts as the single manager for the Point-to-Point POV Program using commercial contractors for through movement between designated points.

Common-user container management. Single management for the acquisition, control and accountability of DOD-owned or leased intermodal equipment.

Additional details of TWCF revenue and customer payments for traffic management are provided in the Figures on pages A-7 and A-8.

## **COMMAND AND CONTROL IN THE DTS**

### **JOINT MOBILITY CONTROL GROUP**

The Joint Mobility Control Group (JMCG) will be USTRANSCOM's integrated, state-of-the-art transportation requirements control center—similar in concept to operations centers in today's cutting-edge global transportation companies. JMCG is the basic organizational structure that will provide our customers "one stop shopping" for all their transportation requirements, while addressing the Government Accounting Office's (GAO) concern about traffic management fragmentation and redundancy. The JMCG will orchestrate and optimize the DTS for its customers by integrating the requirements process for organic and commercial lift. The JMCG's basic tenet is to provide efficient

transportation services to DTS customers through empowered transportation officers.

A fundamental principle of the JMCG is centralized command and control and decentralized execution, with visibility of all movement requirements available through emerging systems such as the Global Transportation Network (GTN) and the World-Wide Web (WWW). The JMCG is comprised of eight essential elements: USTRANSCOM's MCC; command center elements of the three TCCs; the Joint Traffic Management Office (JTMO); the Joint Intelligence Center for Transportation (JICTRANS); the Global Patient Movement Requirements Center (GPMRC); and the Joint Operational Support Airlift Center (JOSAC).

The JMCG will enable the DTS to transition from its modal orientation, represented by the TCCs, to an intermodal approach. From a customer perspective, this new way of doing business streamlines the mobility process while enabling USTRANSCOM to capitalize on the efficiencies inherent in consolidating functions and reducing redundancy. The process is in its implementation phase; all air transportation requirements were integrated into the JMCG during December 1996 and all surface requirements will be transferred to the JMCG by August 1997.

### **INFORMATION TECHNOLOGY**

The ability to capture and use information is the cornerstone of the transportation industry's productivity and economic efficiency. Currently, the industry is focusing on total integration of information for intermodal management and tracking of vehicles and cargo. USTRANSCOM is capitalizing on this focus and integrating it with the DOD's transportation capability. The Global Transportation Network (GTN)

is the command's automated command and control information system that provides the family of transportation users and providers with an integrated view of transportation information. GTN collects and integrates transportation information from selected DOD systems for use by DTS customers.

Additionally, GTN provides automated support for planning, providing, and controlling common-user airlift, surface lift, and terminal services for the deployment and sustainment of DOD forces worldwide. Users have the ability to track the identity, status, and location of DOD unit and nonunit cargo/passengers, medical patients, and personal property from origin to consignee or destination during peace or war. When fully operational in 1999, GTN will support four functional areas:

In-Transit Visibility. Provides transportation information about units, forces, passengers, cargo, patients, schedules, and actual movements.

Current Operations. Displays asset information and provides collateral transportation intelligence on airfields, seaports, and transportation networks such as rail, highway, air, and inland waterways using graphics and imagery.

Future Operations. Provides information and models to support transportation planning, feasibility determination, and courses of action.

Patient Movement. Supports efficient routing and provides ITV of individual patients through an interface with the TRANSCOM Regulating and Command and Control Evacuation System (TRAC2ES).

## **PAYMENT FOR SERVICES**

The Working Capital Fund (WCF) is a revolving fund financial structure that provides necessary goods and services for the armed forces. A revolving fund derives its name from the cyclic nature of the "cash" flow.

The income (financial resources) of organizations financed through the WCF is derived from their level of operations and is available to finance their continuing operations without fiscal year limitation. Organizations financed through the WCF, as business area providers, sell goods or services to "customers" with the intent of recovering the total cost of providing those goods or services. The WCF business area providers use the income from these sales to replace or buy additional inventory or otherwise finance the production of goods and services. The cycle continues for the life of the revolving fund. A business area provider, unlike commercial businesses, is not profit-oriented.

Historically, the U.S. military has used two primary types of revolving funds—stock funds and industrial funds. From the 1870s until the inception of the Defense Business Operations Fund (DBOF), stock funds were used to procure material in volume from commercial sources for resale to the operating forces, recovering only the cost of the material itself. Similarly, industrial funds have been used since the 1940s to provide industrial and commercial-type goods and services; such as, depot maintenance and transportation, recovering overhead costs, in addition to material costs.

The FY92 Defense Authorization Act established the DBOF on 1 October 1991 under the authority of Title 10, U.S. Code, Section 2208. It merged nine existing individual stock and industrial funds, along



with five additional defense commercial operations previously funded with direct appropriated funds, into one revolving fund. The merger included the stock and industrial funds of the Army, Navy, Air Force, and DOD, as well as the business functions of the Defense Finance and Accounting Service (DFAS), Defense Commissary Agency (DeCA), Defense Technical Information Center (DTIC), Defense Reutilization and Marketing Service (DRMS), and Defense Industrial Plant Equipment Center (DIPEC). The DBOF revolving fund incorporated all the assets and liabilities of these functions. In FY97, the DBOF/WCF represented approximately \$76B in support services for the Operating Forces and another \$2B in capital budget authority.

The premise behind DBOF was that it was to operate like a private sector business. The establishment of the DBOF caused some financial changes but minimal operational changes. The DBOF financial structure linked cost and performance through total cost visibility and full cost recovery. DBOF activities earned their budget authority based on the amount of goods and services they could sell to their customers. This was an incentive to managers to provide the best quality at the lowest cost.

A significant result of the DBOF initiative was the elimination of the distortion between the "cost" and the "price" of support. As an example, the apparent customer cost for one hour of labor for a plumber was \$23. This cost failed to recognize the \$14 in "hidden costs" (military salaries, payroll services, etc.) related to the plumber's services which have always been paid, but not necessarily attributed to the cost of having a plumber in the workforce. Under the DBOF financial structure, DOD managers could

determine the "true cost" of having that plumber in the DOD workforce.

In November 1996, the DBOF was renamed the WCF. Instead of a single DOD revolving fund, the business areas described above are now administratively aligned with one of five Working Capital Funds (Army, Navy, Air Force, Defense Agencies, and DeCA). This realignment and name change has very little effect on how business area operations are conducted.

The Office of the Secretary of Defense (OSD) memorandum of February 1992 gave USCINTRANS its mission to provide common-user air, land, and sea transportation for DOD, both in time of peace and in time of war and made USTRANSCOM the single DOD financial manager for common-user transportation related funding. The Services retained the assignment of Service-unique or theater-assigned transportation assets. The DOD Comptroller issued draft guidance in June 1992 which listed the assets and functions to be assigned to USTRANSCOM and funded through DBOF. On 1 October 1992, USTRANSCOM was incorporated into DBOF.

With the establishment of the WCF, USTRANSCOM became administratively aligned with the Air Force Working Capital Fund (AFWCF) for cash management purposes. The USTRANSCOM portion is now called the Transportation Working Capital Fund (TWCF). USTRANSCOM benefits from the AFWCF's cash reserve resources as its cash reserves ensure USTRANSCOM's solvency during temporary periods of cash shortages that may be experienced during major unforeseen contingencies. Despite this cash management relationship with the Air Force, USTRANSCOM retains its Budget Submitting Office independence by dealing

directly with the Under Secretary of Defense (Comptroller) on Planning, Programming, and Budgeting System (PPBS) matters. Given the choices for WCF alignment, the Air Force provided the most natural organizational and operational relationship as it was already USTRANSCOM's executive agent. Furthermore, USCINCTRANS had combatant command (COCOM) of both DBOF-T and Air Force non-DBOF-T functions at AMC and was already heavily engaged with the Air Force both operationally and financially.

The Transportation Business Area is composed of two major divisions, USTRANSCOM/TWCF and Navy Transportation. While USTRANSCOM executes its mission through its TCCs, the Navy executes its transportation mission through MSC. In addition to MSC's USTRANSCOM role as common-use sealift provider, it also manages the Navy Working Capital Fund/Transportation as the Type Commander for the Chief of Naval Operations over a number of Navy-unique vessels operated as:

1. Naval Fleet Auxiliary Force (NFAF)
2. Special Mission Ships (SMS)
3. Navy Prepositioned Fleet (APF-N)

Generally, the TWCF is financed through customer reimbursement rather than direct appropriation of funds. Exceptions to this general rule are mobilization (readiness) requirements and associated costs which are funded by direct appropriation through the component's Service. The concept of mobilization (readiness) takes into account the fact that the DTS must plan for and maintain the capability to expand or alter operations, or to provide extraordinary transportation services to satisfy mobilization conditions when required. The DTS's total surge capacity manifests

itself in a number of ways, including facilities and equipment that are unutilized or underutilized during normal peacetime operations. Unutilized and underutilized capacity is often referred to as Reserve Industrial Capacity and, in accordance with TWCF policy, is eligible for direct appropriation funding from the component's lead Service. These costs are kept out of the TWCF so that users of common-use transportation services do not fund readiness and mobilization costs through its rate structure. Both the Air Force and Army fund mobilization requirements through "readiness payments" or "subsidies" to the TWCF (the Air Force subsidy is paid through the Airlift Readiness Account—ARA).

TWCF rates are established through the budget process and remain fixed during the year of execution. The rates charged to customers are developed and proposed by the components in their Budget Estimate Submissions and, once approved, remain fixed during the year of execution. Because rates are established about eighteen months prior to execution, and remain fixed, they are known as "stabilized" rates. This stabilized rate policy protects appropriated fund customers from unforeseen cost changes and thereby enables customers to more accurately plan and budget for DTS support requirements. In turn, this policy also reduces disruptive fluctuations in planned TWCF workload levels and thereby permits more effective use of DTS resources. Rates are established to offset projected costs at a predetermined workload and are directly affected by the accuracy of cost and workload estimates, both of which can change dramatically over the eighteen month budget lead time.

Rates for each TWCF business area are set to recover all operating costs associated with the service provided. The operating

costs include direct costs (e.g., contract carrier cost, stevedores, material, fuel, direct labor), indirect costs (e.g., supervisory costs), and overhead costs (e.g., headquarters general/administrative costs). During budget execution, TWCF business areas have either a loss or a gain (i.e., record either a positive or negative Net Operating Result (NOR)). Accordingly, future (budget year) rates will be set to either recover losses or to return gains from previous execution years with the intent of achieving a \$0 Accumulated Operating Result (AOR) in the budget year. Inclusion of this recoupment/payback factor can cause rates to double or be halved even when the actual business area costs showed little or no change from one year to the next. The fact that actual costs often vary markedly from estimates developed eighteen months earlier partially explains why stabilized rates contribute to fluctuations in NOR. The other contributor to NOR fluctuation is variance between actual and projected workload. If actual workload exceeds projected workload, revenue will exceed cost, all other things being equal.

Another key consequence as workload increases, is that rates tend to decrease, and as workload decreases, rates will increase. There are certain personnel and infrastructure costs that do not change, at least in the short-term, regardless of workload. For any given business area these costs are fixed in the budget year and are known as fixed costs. When rates are set, these fixed costs are spread over workload. As workload estimates increase, a smaller proportion of the fixed costs is assigned to each unit of workload, thereby reducing the overall rate.

DOD policy discourages customers from going outside the DTS for transportation services. When customers go outside the DTS for services, those who remain are penalized in the form of higher rates.

Furthermore, there is an overall cost increase to the DOD as USTRANSCOM bears the cost of unutilized capacity while the customer pays for additional capacity already acquired by USTRANSCOM. In essence, costs are paid twice, once by USTRANSCOM because it still pays the price of maintaining forces and infrastructure, and again by the customer for commercial service obtained. USTRANSCOM is sensitive to its customers' desires for quality service at the lowest possible cost and is committed to providing best value to defense transportation users.

### ***LOOKING AHEAD IN THE DTS***

While the DTS is complex, it brings to the table a suite of capabilities designed to serve the DOD's transportation needs. USTRANSCOM and the TCCs continue to work to increase efficiency and eliminate stovepipes and wasteful duplication in their operations. Further, the command is developing partnerships and pursuing initiatives with other agencies to leverage their programs.

In its quest to continuously improve the DTS, USTRANSCOM is focused on customer support initiatives which will result in the greatest value and return to its customers. Additionally, course corrections to existing programs are being made to further enhance DTS services. The command is working to provide a single point of contact for both customers and suppliers; create a seamless transition between peacetime and wartime operations; and provide America's warfighting CINCs with the global Defense Transportation System they demand for the 21st Century.

The future of USTRANSCOM and the DTS will be shaped by the command's strategic plan. USTRANSCOM looks ahead to a

changing economic and political environment and sees the challenge and opportunity to improve this nation's transportation system. Guided by a strategic vision, USTRANSCOM concentrates great energy on its corporate goals to prepare for that challenge.

*USTRANSCOM's Vision: Providing timely, customer-focused global mobility in peace and war through efficient, effective, and integrated transportation from origin to destination.*

USTRANSCOM's corporate goals center on its **people**, a trained, ready, top quality Total Force; **modernization**, the equipment and infrastructure that support current and future DTS requirements in an international environment; **operations**, a DTS that is fully integrated, efficient, effective, and customer-focused; and a **focus on customers**, understanding customer needs and providing the best service to all DTS users in peace and war.

The command's core processes include **executive oversight**, developing and implementing strategies to focus on readiness, people, and business; **readiness**, ensuring the ability to meet National Command Authority taskings; **servicing the customer**, enhancing the ability to retain and expand the command's customer base through automation and customer satisfaction; **planning and execution**, improving the timeliness, effectiveness, and security of peacetime and wartime capabilities; and **financial**, managing cost and budget execution.

USTRANSCOM representatives have visited several of the nation's premier and largest corporations. Flag-officer led teams are now benchmarking the best business practices of Fortune 500 companies in both transportation and non-transportation industries with annual revenues ranging from \$1.2B to more than \$53B. The teams have visited APL, Delta Airlines, CSX Corporation, FedEx, Landstar, Northwest Airlines, United Parcel Service (UPS), United Van Lines, Boeing, Chrysler and McDonnell-Douglas—with more visits planned. The staff is evaluating and implementing lessons learned from these visits to improve the DTS.

Products of this effort include partnering between USTRANSCOM and its industry providers to understand each others' requirements, doing better business in peace to create a better foundation for doing business in war, providing better service to USTRANSCOM customers, increasing the level of awareness of senior leadership into industry and problem solving approaches, and reinforcing the JMCG and GTN concepts.

Throughout its strategic planning efforts, USTRANSCOM looks to improve its core business processes and customer services with an eye toward achieving the vision for the Armed Forces as outlined by the Chairman of the Joint Chiefs of Staff in Joint Vision 2010. The DTS is ready to fulfill that vision!

*"If we do not build a transportation system that can meet our needs tomorrow, then it won't matter much what kind of force we have because we won't be able to get it there."*

General John M. Shalikashvili  
Chairman of the Joint Chiefs of Staff

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APPENDIX A - REVENUE GENERATION IN THE DTS

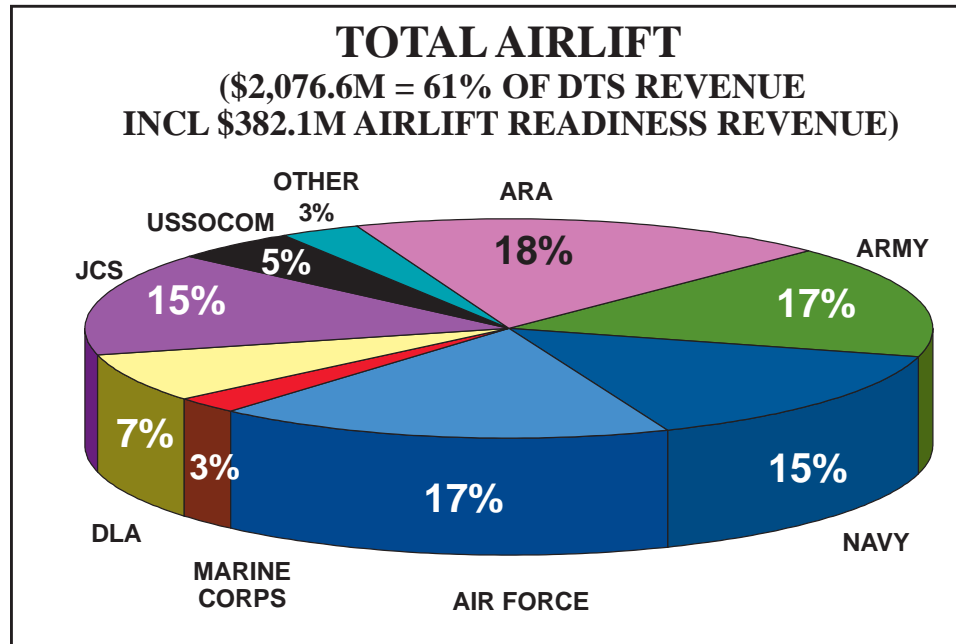


Figure 1. Total Airlift Revenue.

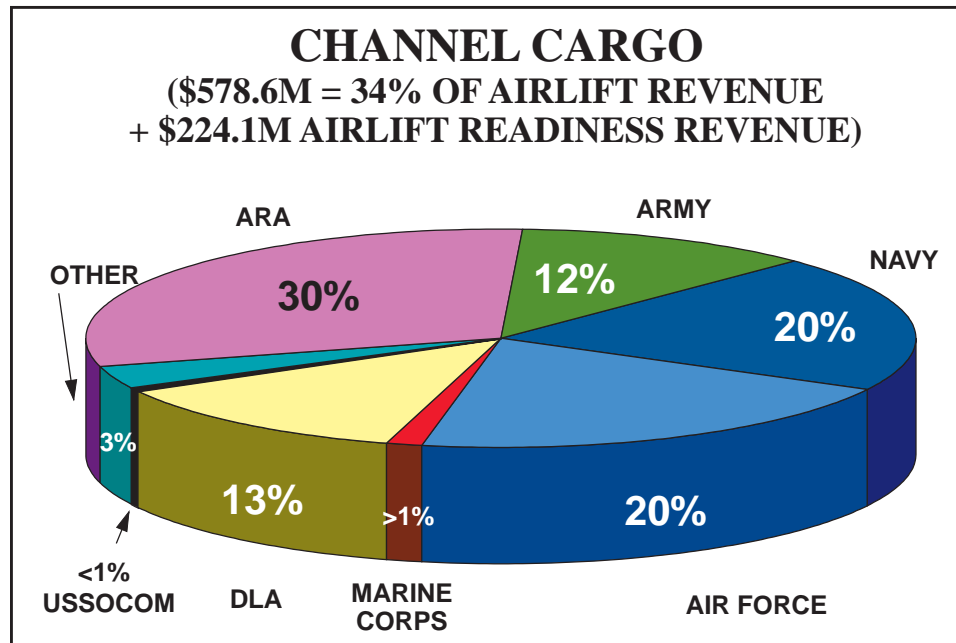


Figure 2. Channel Cargo Revenue.

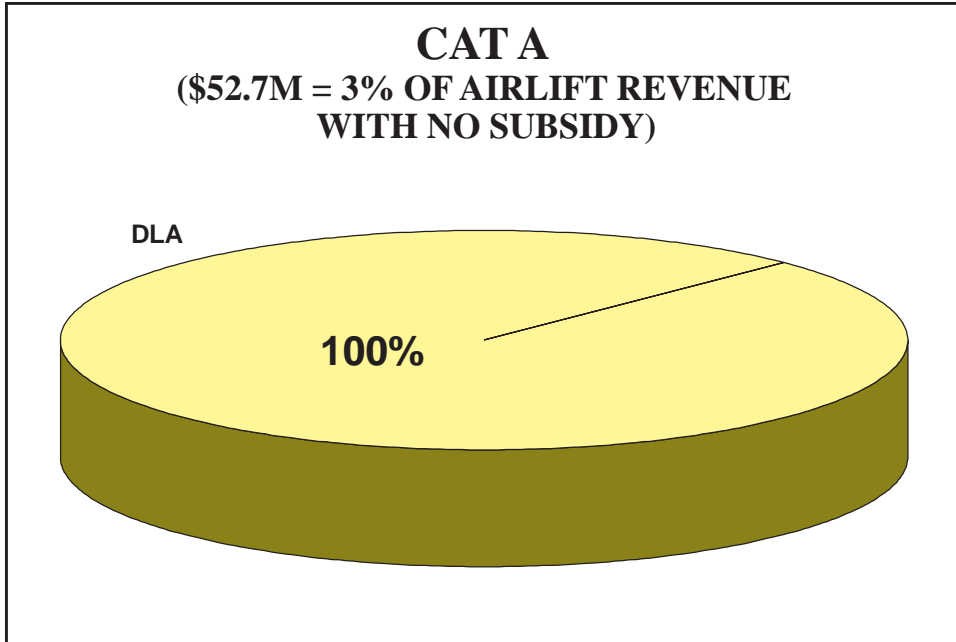


Figure 3. CAT A Revenue.

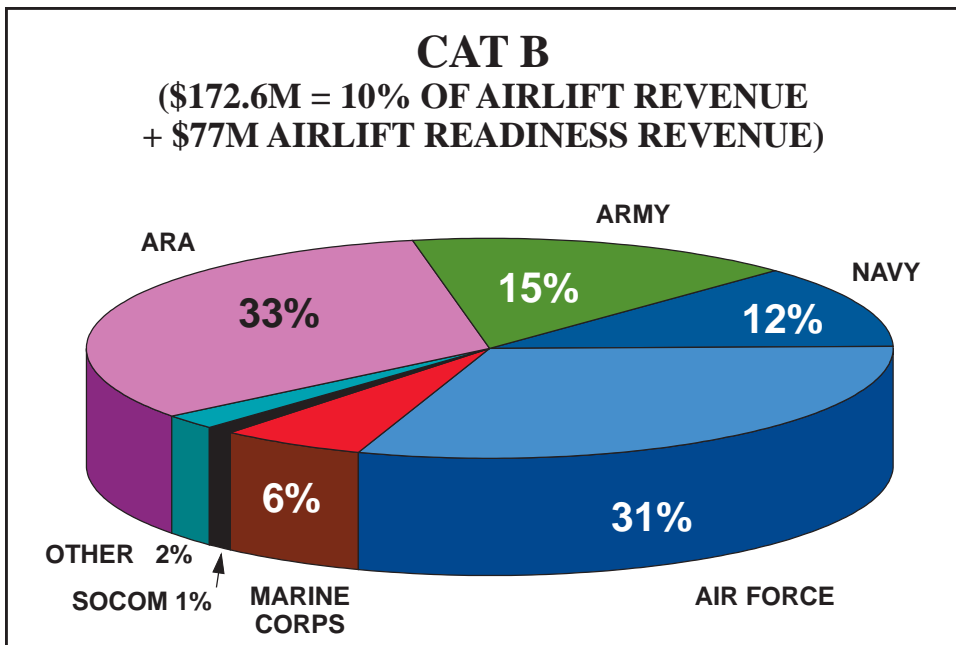


Figure 4. CAT B Revenue.

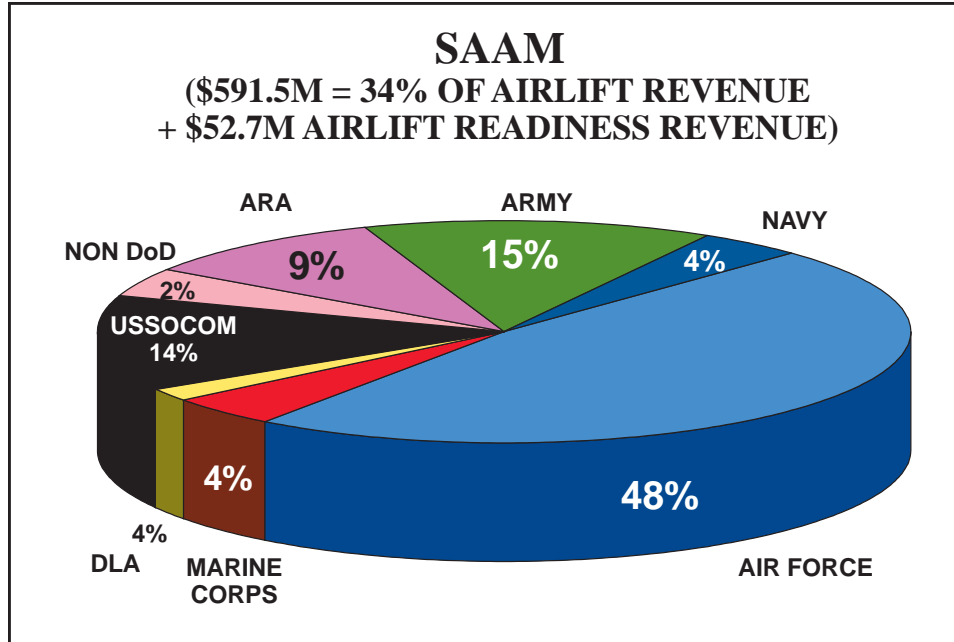


Figure 5. SAAM Revenue.

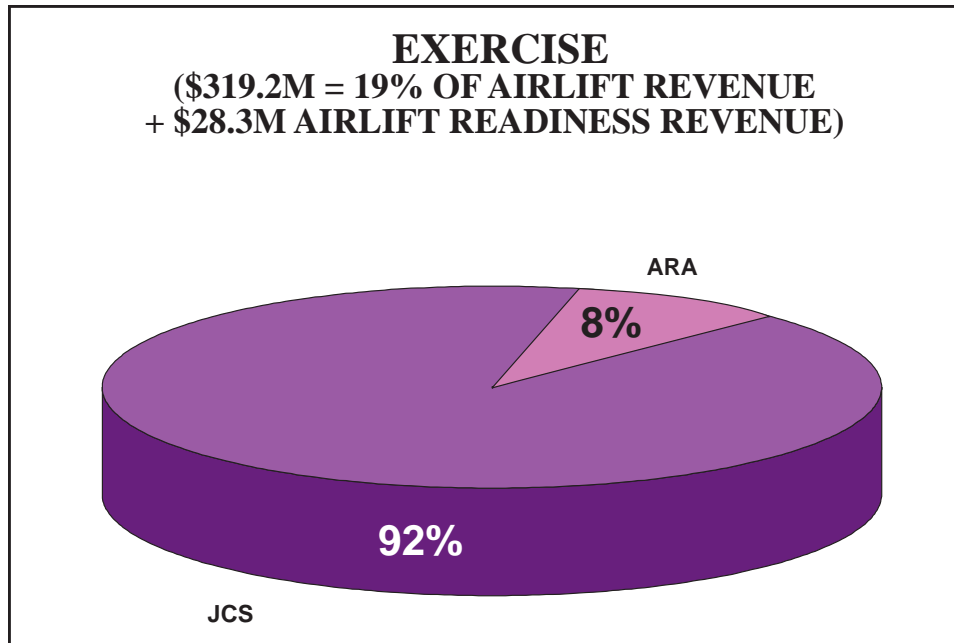


Figure 6. Exercise Revenue.



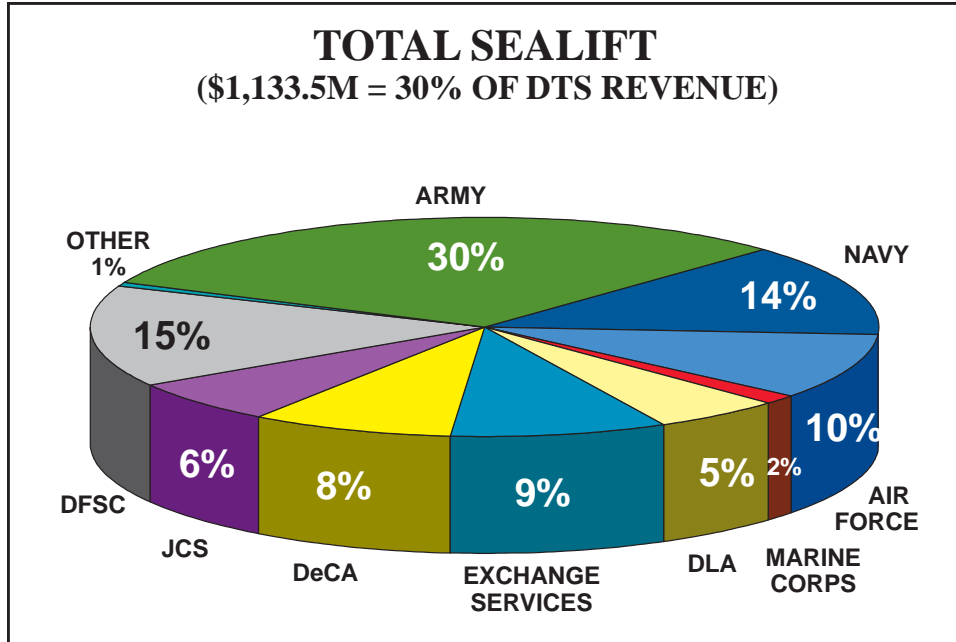


Figure 7. Total Sealift Revenue.

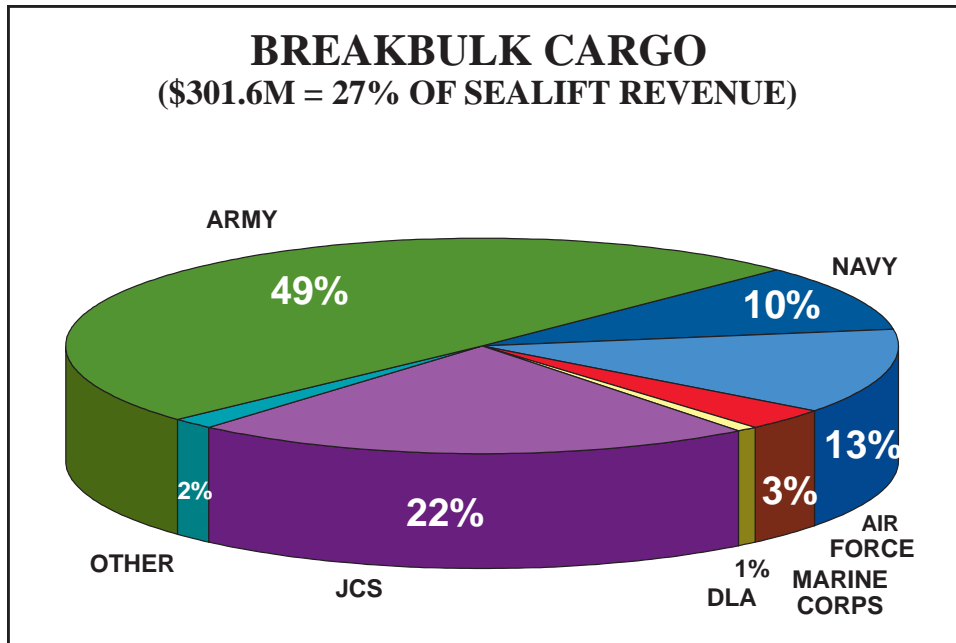


Figure 8. Breakbulk Cargo Revenue.

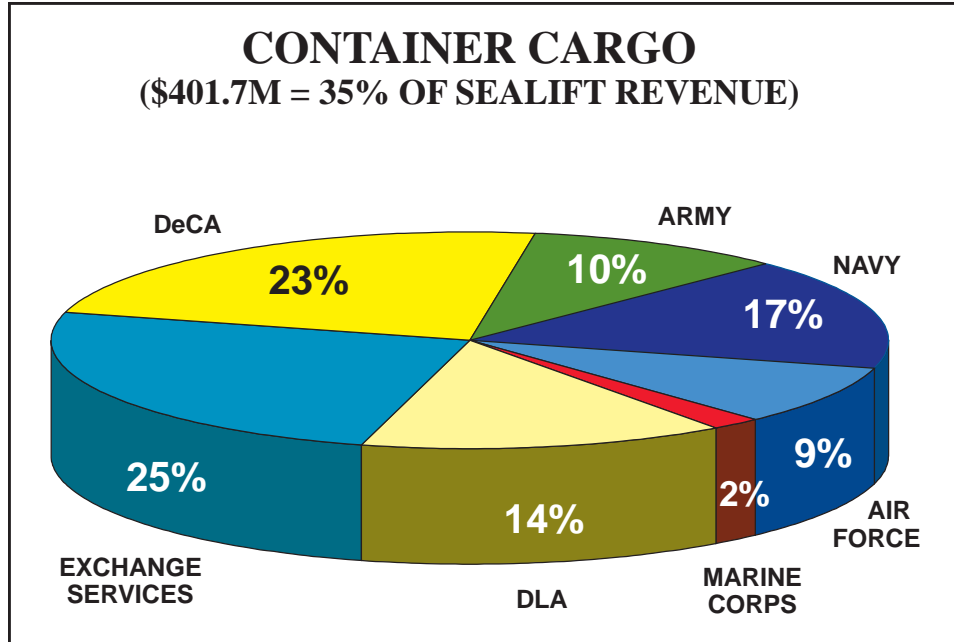


Figure 9. Container Cargo Revenue.

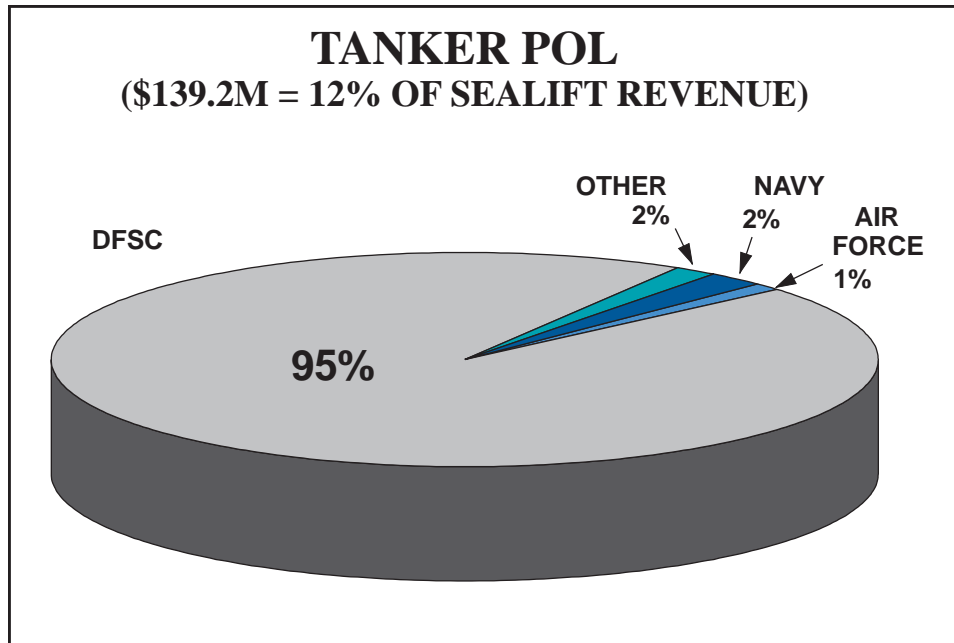


Figure 10. Tanker POL Revenue.

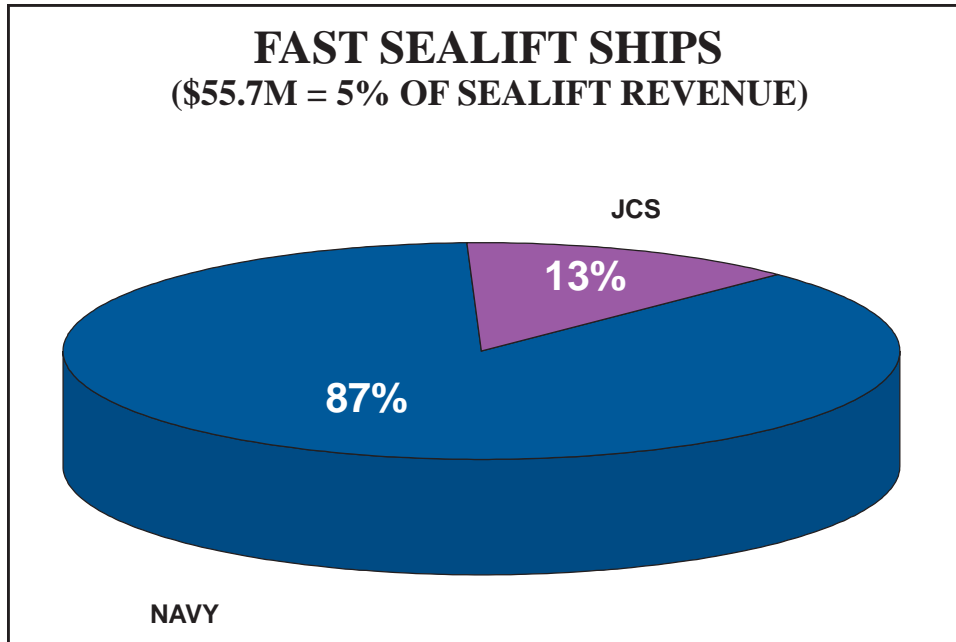


Figure 11. Fast Sealift Ship Revenue.

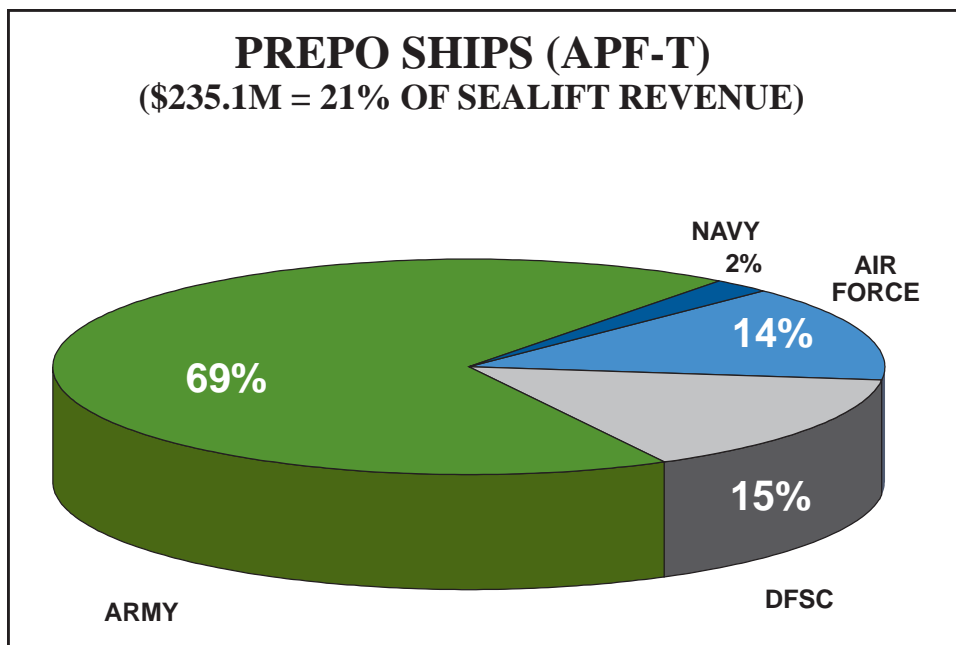


Figure 12. PREPO Ship Revenue.

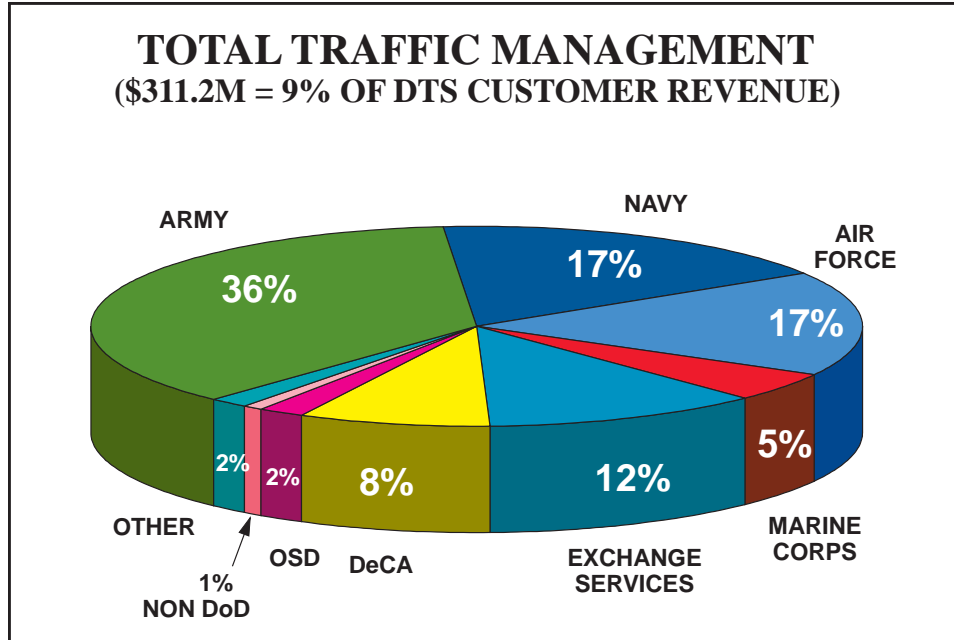


Figure 13. Total Traffic Management Revenue.

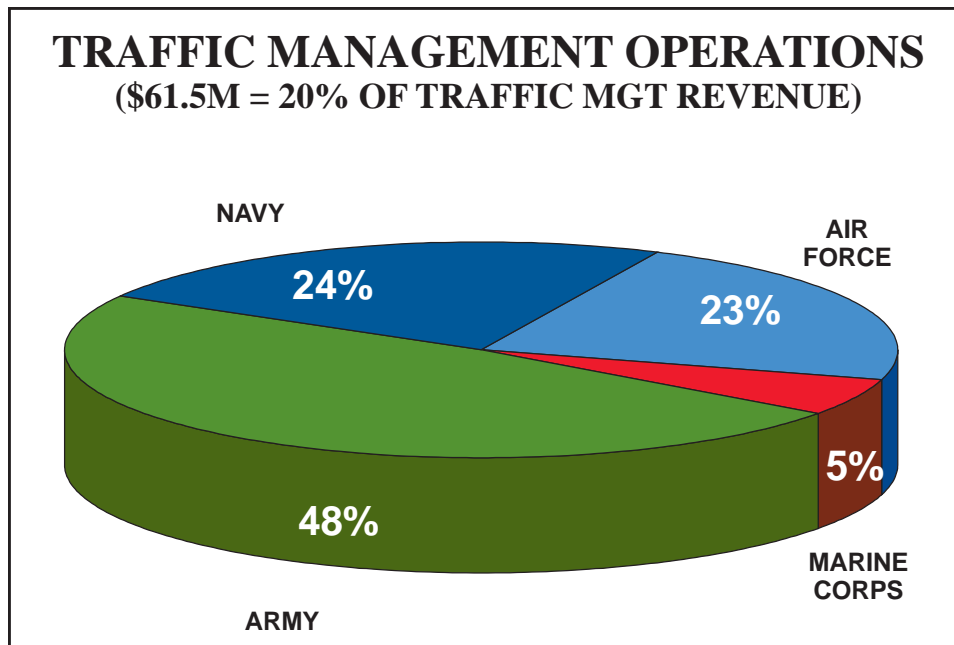


Figure 14. Traffic Management Operations Revenue.

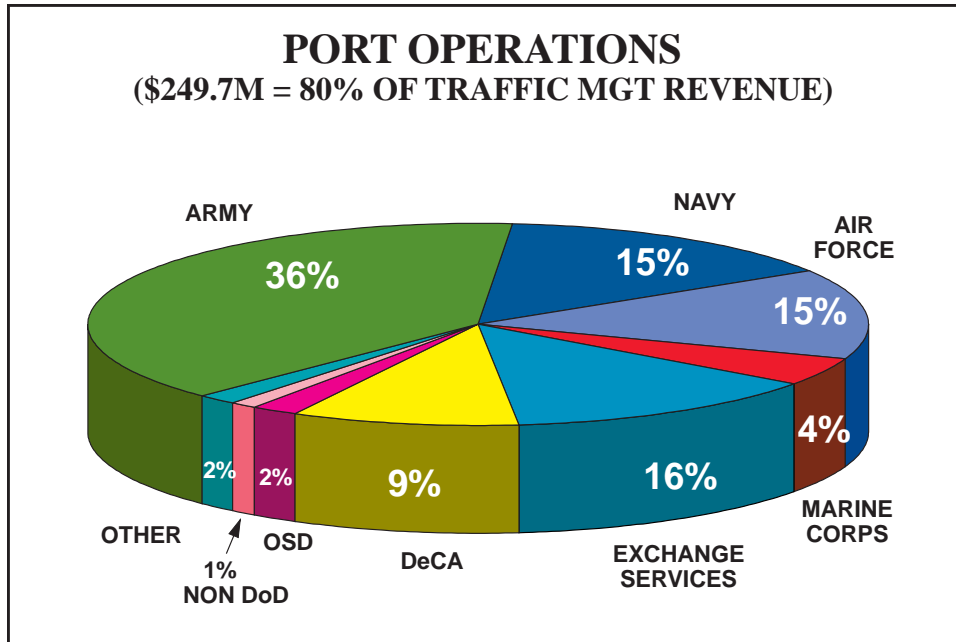


Figure 15. Port Operations Revenue.

## APPENDIX B - SELECTED WORLD WIDE WEB LOCATIONS

### U.S. Transportation Command

Public Affairs Home Page	<a href="http://ustcweb.safb.af.mil">ustcweb.safb.af.mil</a>
Business Home Page	<a href="http://ustcweb.safb.af.mil:800">ustcweb.safb.af.mil:800</a> or <a href="http://ustcweb.safb.af.mil/business">ustcweb.safb.af.mil/business</a>

NOTE: The USTRANSCOM business page is for registered .gov and .mil users. Access to controlled areas can be gained by following the online instructions.

### Transportation Component Commands

Air Mobility Command	<a href="http://www.safb.af.mil/hqamc/pa">www.safb.af.mil/hqamc/pa</a>
Military Sealift Command	<a href="http://www.msc.navy.mil">www.msc.navy.mil</a>
Military Traffic Management Command	<a href="http://mtmc.army.mil">mtmc.army.mil</a>

### Selected Customer Locations

Air Force Reserve	<a href="http://www.afres.af.mil">www.afres.af.mil</a>
Army Air Force Exchange Service	<a href="http://www.aafes.com">www.aafes.com</a>
Army Reserve	<a href="http://www.army.mil/usar">www.army.mil/usar</a>
Defense Finance and Accounting Service	<a href="http://www.dfas.mil">www.dfas.mil</a>
Defense Fuel Supply Center	<a href="http://www.dfsc.dla.mil/main/dfschome.htm">www.dfsc.dla.mil/main/dfschome.htm</a>
Defense Logistics Agency	<a href="http://www.dla.mil">www.dla.mil</a>
Department of State	<a href="http://www.state.gov">www.state.gov</a>
Department of Transportation	<a href="http://www.dot.gov">www.dot.gov</a>
Federal Aviation Administration	<a href="http://www.faa.gov">www.faa.gov</a>
Federal Emergency Management Agency	<a href="http://www.fema.gov">www.fema.gov</a>
Federal Highway Administration	<a href="http://www.fhwa.dot.gov">www.fhwa.dot.gov</a>
General Services Administration	<a href="http://www.gsa.gov">www.gsa.gov</a>
Joint Chiefs of Staff	<a href="http://www.dtic.mil/jcs">www.dtic.mil/jcs</a>
Maritime Administration	<a href="http://marad.dot.gov">marad.dot.gov</a>
National Guard Bureau	<a href="http://www.dtic.mil/defenselink/guardlink">www.dtic.mil/defenselink/guardlink</a>
Naval Reserve Force	<a href="http://www.ncts.navy.mil/navresfor">www.ncts.navy.mil/navresfor</a>
North Atlantic Treaty Organization	<a href="http://www.nato.int">www.nato.int</a>
Secretary of Defense	<a href="http://www.dtic.mil/defenselink/osd/index.html">www.dtic.mil/defenselink/osd/index.html</a>
U.S. Air Force	<a href="http://www.af.mil">www.af.mil</a>
U.S. Army	<a href="http://www.army.mil">www.army.mil</a>
U.S. Atlantic Command	<a href="http://www.acom.mil">www.acom.mil</a>
U.S. Central Command	<a href="http://www.centcom.mil">www.centcom.mil</a>
U.S. Coast Guard	<a href="http://www.dot.gov/dotinfo/uscg">www.dot.gov/dotinfo/uscg</a>
U.S. European Command	199.56.154.3
U.S. Marine Corps	<a href="http://www.usmc.mil">www.usmc.mil</a>
U.S. Navy	<a href="http://www.navy.mil">www.navy.mil</a>
U.S. Pacific Command	<a href="http://www.pacom.mil">www.pacom.mil</a>

U.S. Southern Command	<a href="http://www.dtic.mil/southcom">www.dtic.mil/southcom</a>
U.S. Space Command	<a href="http://www.spacecom.af.mil">www.spacecom.af.mil</a>
U.S. Special Operations Command	<a href="http://www.dtic.mil/defense/defenselink/factfile/chapter1/socom.html">www.dtic.mil/defense/defenselink/factfile/chapter1/socom.html</a>
U.S. Strategic Command	<a href="http://www.stratcom.af.mil">www.stratcom.af.mil</a>
White House	<a href="http://www.whitehouse.gov">www.whitehouse.gov</a>

## GLOSSARY

### PART I — ABBREVIATIONS AND ACRONYMS

AAFES	Army and Air Force Exchange System
AAR	Association of American Railroads
ACL	Allowable Cabin Load
ADANS	AMC Deployment Analysis System
AECC	Aeromedical Evacuation Coordination Center
AFR	Air Force Regulation
AFWCF	Air Force Working Capital Fund
ALD	Available to Load Date (at POE)
ALOC	Air Line Of Communication
AMC	Air Mobility Command
AME	Air Mobility Element
AMX	Air Mobility Express
ANG	Air National Guard
ANSI	American National Standards Institute
AOR	Area of Responsibility, Accumulated Operating Result
APOD	Aerial Port of Debarkation
APOE	Aerial Port of Embarkation
APF	Afloat Prepositioning Force
APF-N	Navy Prepositioned Force
APS	Afloat Prepositioning Ships
ARA	Airlift Readiness Account
ARC	Air Reserve Component(s)
ASMRO	Armed Services Medical Regulating Office
AWR	Army War Reserve
BAF	Brigade Afloat Force
BB	Breakbulk
C-Day	Deployment Operations Begin
C2IPS	Command and Control Information Processing System
C4ISR	Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance
CAMPS	Consolidated Air Mobility Planning System
CAPS	Consolidated Aerial Port System
CAT	Category
CBL	Commercial Bill of Lading
CFM	CONUS Freight Management
CHE	Container Handling Equipment
CHOP	Change of Operational Control



CIA	Central Intelligence Agency
CINC	Commander in Chief
CJCS	Chairman of the Joint Chiefs of Staff
COCOM	Combatant Command
COMALOC	Commercial Air Lines of Communication
COMSC	Commander, Military Sealift Command
CONUS	Continental United States
CORE	Contingency Response Program
COTS	Commercial-Off-The-Shelf
CRAF	Civil Reserve Air Fleet
CULT	Common-User Land Transportation
DBOF	Defense Business Operations Fund
DBOF-T	DBOF-Transportation
DCS	Defense Courier Service
DeCA	Defense Commissary Agency
DFAS	Defense Finance and Accounting Service
DFRIF	Defense Freight Railroad Interchange Fleet
DIPEC	Defense Industrial Plant Equipment Center
DIRMOBFOR	Director of Mobility Forces
DLA	Defense Logistics Agency
DLSMO	Defense Logistics Standards Management Office
DOS	Department of State
DOT	Department of Transportation
DRMS	Defense Reutilization and Marketing Service
DTIC	Defense Technical Information Center
DTR	Defense Transportation Regulation
DTS	Defense Transportation System
DUSD(L)	Deputy Under Secretary of Defense (Logistics)
EAD	Earliest Arrival Date (at POD)
EDI	Electronic Data Interchange
FAA	Federal Aviation Agency
FAR	Federal Acquisition Regulation
FEMA	Federal Emergency Management Agency
FHWA	Federal Highway Administration
FOB	Free-on-Board (Origin/Dest)
FRA	Federal Railroad Administration
FSS	Fast Sealift Ship
FY	Fiscal Year
GAO	Government Accounting Office

GBL	Government Bill of Lading
GCCS	Global Command & Control System
GDSS	Global Decision Support System
GPMRC	Global Patient Movement Requirements Center
GRLP	Global Reach Laydown Package
GSA	General Services Administration
GT	Guaranteed Traffic
GTN	Global Transportation Network
HHG	Household Goods
HNS	Host Nation Support
HQAF	Headquarters Air Force
IBS	Integrated Booking System
ICC	Interstate Commerce Commission
ISO	International Standards Organization
ITO	Installation Transportation Office
ITV	In-Transit Visibility
JA/ATT	Joint Airborne/Air Transportability Training
JCS	Joint Chiefs of Staff
JDTC	Joint Deployment Training Center
JFAST	Joint Flow and Analysis System for Transportation
JFTR	Joint Federal Travel Regulation
JICTRANS	Joint Intelligence Center for Transportation
JLOTS	Joint Logistics Over-the-Shore
JMC	Joint Movement Center
JMCG	Joint Mobility Control Group
JOPES	Joint Operation Planning and Execution System
JOSAC	Joint Operational Support Aircraft Center
JSPS	Joint Strategic Planning System
JTB	Joint Transportation Board
JTCC	Joint Transportation Corporate Information Management Center
JTMO	Joint Traffic Management Office
JTR	Joint Travel Regulation
JTTFP	Joint Transportation Technology Focal Point
LAD	Latest Arrival Date (at POD)
LOC	Line of Communication
LOPA	Local Payment Procedures
LRI	Long Range International
LTON	Long Ton

MARAD	Maritime Administration
MCC	Mobility Control Center
MEDEX	Medical Express
MHE	Materiel Handling Equipment
MIDAS	Model for Intertheater Deployment for Air and Sea
MILSTAMP	Military Standard Transportation and Movement Procedures
MPF	Maritime Prepositioning Force
MPS	Maritime Prepositioning Ships
MRS BURU	Mobility Requirements Study Bottom Up Review Update
MSC	Military Sealift Command
MTMC	Military Traffic Management Command
MT	Metric Ton
MTON	Measurement Ton
MTW	Major Theater War
NATO	North Atlantic Treaty Organization
NCA	National Command Authorities
NEXCOM	Navy Exchange Service Command
NFAF	Naval Fleet Auxiliary Force
NGB	National Guard Bureau
NOR	Net Operating Result
O&M	Operations and Maintenance
OCCA	Ocean Cargo Clearance Office
OCONUS	Outside Continental United States
OPCON	Operational Control
OSA	Operational Support Airlift
OSD	Office of the Secretary of Defense
PAI	Primary Aircraft Inventory
POV	Privately Owned Vehicle
PPBS	Planning, Programming, and Budgeting System
PRAMS	Passenger Reservation and Manifesting System
PREPO	Prepositioning
RC	Reserve Component(s)
RCAPS	Remote Consolidated Aerial Port System
RDA	Requirements Development and Analysis
RDD	Required Delivery Date (at destination)
RLD	Ready to Load Date (at origin)
RO/RO	Roll On/Roll Off
RRF	Ready Reserve Force

SAAM	Special Assignment Airlift Mission
SEASTRAT	Sealift Strategic Analysis System
SECDEF	Secretary of Defense
SECNAV	Secretary of the Navy
SLOC	Sea Line Of Communication
SMS	Special Mission Ships
SPM	Single Port Manager
SPOD	Sea Port of Debarkation
SPOE	Sea Port of Embarkation
SRP	Sealift Readiness Program
SSC	Smaller Scale Contingency
STON	Short Ton
TACC	Tanker Airlift Control Center
TACON	Tactical Control
TALCE	Tanker Airlift Control Element
TAV	Total Asset Visibility
TC-ACCIS	Transportation Coordinator Automated Command and Control Information System
TC-AIMS	Transportation Coordinator Automated Information for Movement System
TCC	Transportation Component Command
TEA	Transportation Engineering Agency
TGBL	Through Government Bill of Lading
TMO	Traffic Management Office
TOPS	Transportation Operational Personal Property Standard System
TPFDD	Time-Phased Force and Deployment Data
TRAC2ES	TRANSCOM Regulating and Command and Control Evacuation System
TRAMS	Transportation Automated Management System
TWCF	Transportation Working Capital Fund
UCR/BVR	Uniform Commercial Rate/Best Value Rate
UFC	Uniform Freight Class
UMMIPS	Uniform Materiel Movement and Issue Priority System
USCG	United States Coast Guard
USCINTRANS	Commander in Chief, United States Transportation Command
USTRANSCOM	United States Transportation Command
VISA	Voluntary Intermodal Sealift Agreement
VPC	Vehicle Processing Center

WBE	Wide Body Equivalent
WCF	Working Capital Fund
WPS	Worldwide Port System
WWE	Worldwide Express
WWW	World Wide Web

**PART II — TERMS AND DEFINITIONS**

**accessorial service.** A service performed by a carrier in addition to the line-haul.

**actual value rate.** A rate based on the actual value of the material shipped.

**aerial port.** An airfield that has been designated for sustained air movement of personnel and materiel to serve as an authorized port of entrance or departure to or from the country where located.

**Air Mobility Command (AMC).** An Air Force major command and United States Transportation Command (USTRANSCOM) air force component command responsible for Department of Defense (DOD) strategic airlift and aerial refueling.

**best value.** Selection of contractors/carriers to support Defense Transportation System (DTS) requirements based on a trade-off between cost and other factors, such as past performance and ability to perform service within stated requirements. Low cost will not be the primary factor and it is possible that the low cost carrier will not receive the award in a best value selection. Past performance factors could be: on-time pickup and delivery percentage, lost or damaged cargo percentage, and number of claims. Service factors could be: in-transit visibility (ITV) ability; response time for requirement, and routing ability.

**breakbulk (BB) ship.** A ship with deep holds that are loaded through hatches. Ships are normally self-sustaining.

**cabotage.** Rules restricting commerce between a nation's ports to carriers of that nation.

**cargo.** Supplies, materials, stores, baggage, or equipment transported by land, water, or air.

a. Bulk. Dry or liquid cargo (oil, coal, grain, ore, sulfur, or fertilizer) which is

shipped unpackaged in large quantities. Also, air cargo that fits within the dimensions of a 463L pallet and the design height of 96".

b. Containerizeable cargo. Items which can be stowed or stuffed into a container closed SEAVAN or MILVAN.

c. Non-containerizeable cargo. Items which cannot be stowed or stuffed into SEAVANs or MILVANs (i.e., overdimensional or overweight cargo).

d. Oversize. Air cargo which exceeds the dimensions of bulk cargo but is equal to or less than 1,090" in length, 117" in width, and 105" in height.

e. Outsize. Air cargo which exceeds the dimensions of oversize cargo and requires the use of a C-5 or C-17 aircraft.

f. Source stuffed cargo. Cargo which economically fills a container from a single point of origin.

**carrier.** Any individual, company, or corporation commercially engaged in transporting cargo, passengers, or household goods.

**channel airlift.** Common-user airlift service provided on a recurring basis between two points.

**channel traffic.** Passengers and cargo moving over established worldwide routes served by either scheduled DOD aircraft under the control of AMC or commercial aircraft under contract to and scheduled by AMC.

**Civil Reserve Air Fleet (CRAF).** Commercial aircraft and crews allocated in time of emergency for exclusive military use in both international and domestic service.

**commercial air movement.** The movement of a group of persons routed by Military Traffic Management Command (MTMC) in regular or chartered commercial air service.

**commercial bill of lading (CBL).** Carrier documentation used for transportation of shipments, such as that used by small package express carriers. It includes the commercial procedures related to the use of such documentation.

**common-user land transportation (CULT).** A program managed by a designated single manager for all DOD motor carrier cargo movements in a theater, specific country, or geographic region. Theater Commander in Chief (CINC) usually designates the predominate DOD Component as the CULT manager.

**common-user lift.** USTRANSCOM-controlled lift: The pool of strategic transportation assets either government-owned or chartered that are under the operational control of AMC, Military Sealift Command (MSC), or MTMC for the purpose of providing common-user transportation to the DOD across the range of military operations. These assets range from common-user organic or the chartered pool of common-user assets available day-to-day to a larger pool of common-user assets phased in from other sources.

**container.** A standardized, demountable receptacle for transporting cargo on a chassis, rail car, or vessel.

a. Dromedary. A container that can be mounted behind the power unit of a truck or carried on a flatbed trailer or in a van and which can be used to transport less-truckload shipments of classified or other sensitive material.

b. Flat-rack. Open sided and top International Standards Organization (ISO) containers with two removable/adjustable ends.

c. Half-height. Standard ISO containers with one end door and an open top.

d. Military van (MILVAN). Military-owned demountable container that conforms to U.S. and international

standards and operates in a centrally controlled fleet for movement of military cargo.

e. Military Sealift Command van. SEAVAN leased and controlled by MSC.

f. SEAVAN. Commercial or government-owned (or leased) shipping containers which are moved via ocean transportation without bogey wheels attached.

**container handling equipment (CHE).** Materiel handling equipment (MHE) required to specifically receive, maneuver, and dispatch containers.

**containerization.** The use of containers to unitize cargo for transportation, supply, and storage. Containerization incorporates supply, transportation, packaging, storage, and security together with visibility of a container and its contents into a distribution system from source to user.

**container ship.** A ship specifically constructed and equipped to carry only containers. Container ships are usually nonself-sustaining and do not have built-in capability to load or off-load containers, and require port crane service. A containership with shipboard installed cranes, capable of loading and off-loading containers without assistance of port crane service, is considered self-sustaining.

**continental United States (CONUS).** The 48 contiguous states and the District of Columbia.

**customer.** Any authorized user of the DTS.

**declared valuation.** The value of goods, as stated by a shipper, when tendered to a carrier.

**Defense Business Operations Fund (DBOF).** Now the Working Capital Fund (WCF), a revolving industrial fund concept for a large number of defense support functions, including transportation.



Utilized business-like cost accounting to determine total cost of the business activity.

**Defense Business Operations Fund - Transportation (DBOF-T).** Now the Transportation Working Capital Fund (TWCF), DBOF-T was the USTRANSCOM portion of the DBOF transportation business area.

**Defense Courier Service (DCS).** A direct reporting unit under USTRANSCOM that establishes, staffs, operates, and maintains an international network of couriers and courier stations for the expeditious, cost effective and secure transmission of qualified classified documents and material. It is headquartered at Ft Meade, Maryland.

**Defense Freight Railway Interchange Fleet (DFRIF).** A fleet of freight cars built and maintained to the standards established by the Association of American Railroads (AAR) and the Department of Transportation (DOT). These cars are suitable for shipping DOD cargo over the commercial railroad system throughout North America, including Alaska, Canada, and Mexico.

**Defense Transportation System (DTS).** That portion of the worldwide transportation infrastructure which supports DOD transportation needs in peace and war. The DTS consists of those military and commercial assets, services and systems organic to, contracted for, or controlled by the Department of Defense.

**Denton Amendment cargo.** Humanitarian cargo donated by private citizens or organizations that may move on a space available basis within the DTS.

**Department of Defense (DOD) aircraft.** An aircraft owned or controlled by any DOD activity or component, includes planes chartered or leased for periods greater than 90 days.

**destination station.** A base or airport where the mission ends as shown in the schedule.

**disqualification.** Action taken by MTMC or theater CINC resulting in the exclusion of a carrier from transporting DOD shipments from one or more origin points for specific routes or for all routes.

**electronic data interchange (EDI).** Computer to computer exchange of business data using standards jointly developed by standard groups such as American National Standards Institute (ANSI) or Electronic Data Interchange Agency.

**free-on-board (FOB).** This term is used with the designation of a physical point to determine the responsibility and basis for payment of freight charges and, unless otherwise agreed, the point at which title for supplies passes to the buyer or consignee.

a. FOB destination. Free on board at destination, or where the seller or consignor delivers the supplies on the seller's or consignor's conveyance to a specified delivery point. In this case, unless the contract provides otherwise, the cost of shipping and the risk of loss are borne by the seller or consignor.

b. FOB origin. Free on board at the place of origin, or where the seller or consignor places the supplies on the conveyance by which they are to be transported. Unless the contract provides otherwise, the cost of shipping and the risk of loss are borne by the buyer or consignee.

**frequency channels.** A frequency channel may be set up when traffic requirements do not support the desired frequency of service. Frequency channels may be requested on the basis of operational necessity for support of a mission sensitive area or for quality-of-life purposes to remote areas.

**Global Patient Movement Requirements Center (GPMRC).** A direct reporting unit under USTRANSCOM, the GPMRC is a "one-stop" center for customers to identify patient movement requirements and provide related metrics and biostatistical data for

senior management decision making. GPMRC receives movement requests, establishes the appropriate destination and mode of travel, and forwards these requirements to the appropriate agency for mission execution. GPMRC was formed by merging the Armed Services Medical Regulating Office (ASMRO), the Aeromedical Evacuation Coordination Center (AECC) and staff elements of HQ AMC/SG.

**Global Transportation Network (GTN).** The automated command and control information system that will enable USTRANSCOM and its components to provide global transportation management. GTN will provide the integrated transportation data and systems necessary to accomplish global transportation planning, command and control, and in-transit visibility during peace and war.

**government bill of lading (GBL).** A government document used to procure transportation and related services from commercial carriers.

**guaranteed traffic (GT).** A MTMC/AMC rate and service agreement negotiated on behalf of DOD shippers with commercial carriers. Under this agreement, carrier(s) commit to provide transportation services in return for the right to all traffic from and to certain locations, regions, or geographic areas for a specific amount of time.

**intermodal.** Type of cargo shipment system that permits transshipping among sea, highway, rail and air modes of transportation through use of ANSI/ISO standard containers, line-haul assets and handling equipment.

**intertheater.** Between theaters or between the continental U.S. and theaters.

**in-transit visibility (ITV).** The ability to track the identity, status, and location of DOD unit and nonunit cargo (excluding

bulk petroleum, oils, and lubricants) and passengers; medical patients; and personal property from origin to consignee or destination established by the CINCs, the Services, or DOD agencies during peace, contingencies, and war.

**intratheater.** Within a theater.

**Joint Movement Center (JMC).** The center established to coordinate the employment of all means of transportation (including that furnished by allies or host nations) to support the concept of operations. This coordination is accomplished through establishment of transportation priorities within the assigned area of responsibility (AOR), consistent with relative urgency of need, port and terminal capabilities, transportation asset availability, and priorities set by a joint force commander.

**Joint Operational Support Aircraft Center (JOSAC).** JOSAC is part of the Joint Operational Support Airlift Division in USTRANSCOM's Operations (J-3) Directorate. The center performs consolidated scheduling of CONUS operational support airlift (OSA) aircraft, achieving war-time readiness by supporting the highest priority peacetime DOD missions.

**Joint Traffic Management Office (JTMO).** The organization that provides freight traffic management services, common-user ocean terminal support, operational management of defense intermodal containers, ocean cargo booking for sealift cargo, and transportation engineering support to the DOD. It serves as USTRANSCOM's focal point for the execution of surface intermodal movements within the DTS. Its mission includes domestic and international freight, cargo, and container movements. Personal property and commercial travel movements are not part of the JTMO's mission.

**Joint Transportation Board (JTB).** JTB is responsible to the Joint Chiefs of Staff (JCS) ensuring common-user transportation resources assigned or available to the DOD are used to achieve the maximum benefit in meeting DOD objectives. The JCS and each DOD Component designates a general or flag-rank officer as principal member; an alternate member is also named to act for the principal. DOD Component representatives are the Directors of Transportation or the general or flag incumbent of a comparable billet. The JCS representative is designated by the Director of Operations, Office of the JCS. The Deputy Director of Logistics (Strategic Mobility), Office of the Joint Chiefs of Staff, chairs the JTB.

**Joint Transportation Technology Focal Point (JTTFP).** The JTTFP will be the principal liaison with civil modal authorities and associations on the design and utilization of transportation resources and infrastructure. A part of USTRANSCOM, the JTTFP will serve as DOD's focal point for the exploration, assessment, and exploitation of future and emerging transportation related technologies. USTRANSCOM's Strategic Plan calls for JTTFP implementation by October 1997.

**less carload (LCL).** A quantity of cargo less than that required for the application of a carload rate.

**less truckload (LTL).** A quantity of cargo less than that required for the application of a truckload rate. Also called "less than truckload."

**line-haul.** Transportation of cargo over carrier routes from point of origin to destination, excluding local pickup, delivery, local drayage, and switching services.

**loaded to capacity.** A conveyance loaded to its cube or weight-carrying capacity. Also, a conveyance loaded with that

quantity of material which is so filled that no more like material, in the shipping form tendered, can be loaded in or on the conveyance.

**logistics over-the-shore (LOTS).** Loading and unloading of ships without benefit of fixed port facilities, in friendly or nondefended territory, and in time of war, during phases of theater deployment in which there is no enemy opposition.

**Maritime Administration (MARAD).** MARAD is a DOT agency with the primary responsibility for ensuring the availability of efficient water transportation service to American shippers and consumers. The administration promotes adequate shipbuilding and repair service, efficient ports, effective intermodal water and land transportation systems, and reserve shipping capacity in time of national emergency. MARAD administers laws and programs designed to maintain a merchant marine capable of meeting the Nation's shipping needs for both domestic and foreign commerce and national security. MARAD advances the capabilities of the maritime industry to provide total logistical support to the military services by maintaining an active Ready Reserve Force (RRF); administering the Voluntary Intermodal Sealift Agreement (VISA); acquiring U.S.-flag, U.S.-owned and other militarily useful merchant ships; operating as the national shipping authority to obtain North Atlantic Treaty Organization (NATO)-flag ships to support U.S. requirements; ensuring readiness preparation of strategic commercial seaports; administering the Vessel War Risk Insurance program; and sponsoring merchant mariner training programs for both licensed and unlicensed seamen.

**materiel handling equipment (MHE).** Mechanical devices for handling of supplies with greater ease and economy.

**Military Sealift Command (MSC).** A Navy major command and the USTRANSCOM sea component with primary responsibility for providing sealift transportation service.

**Military Traffic Management Command (MTMC).** An Army major command and the USTRANSCOM land component that provides cargo, passenger, and personal property traffic management services to all DOD Components.

**opportune cargo.** That cargo eligible and funded for lift on a DTS mission but without specific lift scheduled against it (e.g., cargo awaiting channel lift at an AMC aerial port).

**organic airlift.** Airlift provided by aircraft owned/operated by each Service.

**overseas.** Any country or place beyond the limits of the 48 contiguous United States and the District of Columbia. For purposes of this handbook, Alaska, Hawaii, Puerto Rico, and U.S. territories and possessions are considered overseas.

**pallet.** A platform used to secure material for ease in handling and storing. It is also used to consolidate small packages into a unitized load.

a. 463L system. Aircraft pallets, nets, tie down, and coupling devices, facilities, handling equipment, procedures, and other components designed to interface with military and civilian aircraft cargo restraint systems.

b. Warehouse. A two deck platform, usually wooden, used for handling several packages as a unit.

**port of debarkation (POD).** The geographic point at which cargo or personnel are discharged. May be a seaport or aerial port of debarkation. For unit requirements, it may or may not coincide with the destination.

**port of embarkation (POE).** The geographic point in a routing scheme from which cargo or personnel depart. May be a

seaport or aerial port from which personnel and equipment flow to port of debarkation. For unit and nonunit requirements, it may or may not coincide with the origin.

**priority.** Precedence for movement of traffic.

**Ready Reserve Force (RRF).** U.S. government-owned fleet of commercially designed deep-draft ships of various configurations and capabilities maintained by MARAD to respond within four, five, ten or twenty days to national emergency sealift requirements, particularly the movement of military unit equipment.

**receiver.** The activity or agency at which the DTS shipment terminates. The activity is usually the ultimate consignee, but may also be the agent for the ultimate consignee (e.g., a central receiving point or a temporary storage point for the ultimate consignee).

**required delivery date (RDD).** The calendar date when material is required by the requisitioner.

**requirements channel.** AMC channel that services two points on a recurring basis, with actual movements dependent on volume of traffic.

**retrograde cargo.** Cargo moving in the reverse direction of the normal flow of material provided in support of the using theater.

**Sealift Enhancement Program (SEP).** Special equipment and modifications which adapt merchant-type dry cargo ships and tankers to specific military missions. They are typically installed on RRF ships or ships under MSC control. Sealift enhancements fall into three categories: productivity, survivability, and operational enhancements.

**service failure.** Carrier noncompliance with applicable tenders, tariffs, contracts, laws, regulations, GBL instructions, or commitments to the shipper(s).

**service-unique.** Equipment, operations, and resources that are specific to individual DOD Component commands.

**shipment container.** A receptacle of sufficient strength, by reason of material, design, and construction, to be shipped safely without further packing (e.g., wooden boxes or crates, fiber and metal drums, and corrugated and solid fiberboard boxes).

**shipper.** A Service or agency activity (including the contract administration or purchasing office for vendors) or vendor that originates shipments. The functions performed include planning, assembling, consolidating, documenting, and arranging material movement.

**single port manager (SPM).** MTMC is the DOD-designated SPM for all common-user seaports world wide. The SPM performs those functions necessary to control the strategic flow of the deploying Forces equipment and sustainment supply between sea port of embarkation (SPOE) and hand-off to the theater CINC in the sea port of debarkation (SPOD). The SPM is responsible for providing strategic deployment status information to the CINC and to workload the SPOD Port Operator based on the CINC's priorities and guidance. The SPM is responsible through all phases of a theater port operational continuum from a bare beach deployment to a commercial contract deployment.

**space available (space A) cargo.** That cargo eligible for, but unfunded for movement within the DTS.

**special assignment airlift mission (SAAM).** A mission performing special assignment airlift. SAAM is defined as airlift requirements for special pickup or delivery by AMC at points other than established AMC routes, and which require special consideration because of the number of passengers involved, the weight or size

of the cargo, the urgency or sensitivity of movement, or other special factors.

**special train service.** The expedited movement of rail cars in unscheduled service between specified points under special arrangements with the AAR.

**sponsoring service.** DOD Component which validates initial requirements and is sponsoring a particular activity, movement, or operation.

**standing route order.** A route order issued which covers repetitive movements (two or more shipments per month) of specific items between points in CONUS or intra-theater by any mode of transportation when the origin, destination, commodity(ies), and frequency of shipments constitute a repetitive traffic pattern. See also guaranteed traffic.

**strategic mobility.** The capability to deploy and sustain military forces worldwide in support of national strategy.

**strategic airlift.** The airlift capability necessary to deploy and sustain military forces worldwide in support of national strategy.

**strategic sealift.** The afloat prepositioning and ocean movement of military materiel in support of U.S. and Allied forces or other government-sponsored materiel deemed in the national interest. Includes government-owned and commercially acquired shipping (U.S. and foreign flag) and associated shipping services.

**strategic transportation.** Movement between theaters or between the CONUS and a theater.

**tariff.** A publication containing rates, rules, regulations, and charges applying to commercial/military transportation and accessorial services which is published by a provider of transportation to announce the terms on which it will provide



transportation. Some tariffs are required and/or regulated by government regulatory bodies.

**tender.** A typed or electronic voluntary or negotiated offer by a qualified carrier to provide transportation service to the U.S. government at specified rates or charges and submitted by the carrier to a central authority for official acceptance and authorization for use to route traffic.

**theater.** A geographic area outside CONUS for which a commander has responsibility and control. Except: U.S. Atlantic Command's AOR.

**theater-assigned transportation assets.** Transportation assets assigned for combatant command to a commander of a unified or specified command other than Commander in Chief, United States Transportation Command (USCINCTrans).

**through government bill of lading.** A bill of lading that is issued by a U.S. government activity to document overseas, intermodal, and through movement of cargo from initial point of origin to final destination.

**ton.** A measurement of weight: Long Ton (LTON) equals 2,240 pounds, Measurement Ton (MTON) equals 40 cu ft, Metric Ton (MT) equals 2,204.6 pounds, and Short Ton (STON) equals 2,000 pounds.

**traffic management.** The direction, control, and supervision of all functions incident to the procurement and use of cargo, passenger, and personal property transportation services (including rail, highway, air, sea, pipeline, inland waterway, coastal, intercoastal carriers, and organic assets).

**TRANSCOM Regulating and Command Control Evacuation System (TRAC2ES).** TRAC2ES is being developed by USTRANSCOM to integrate medical regulation and aeromedical evacuation while

supporting and improving patient movement practices. The system is designed to support deliberate and crisis action patient movement planning and ensure total patient and medical asset visibility and patient in-transit visibility.

**Transportation Component Command (TCC).** Subordinate command of USTRANSCOM under the combatant command of USCINCTrans. TCCs are the Air Mobility Command (AMC), Military Sealift Command (MSC), and Military Traffic Management Command (MTMC).

**transportation intelligence.** Intelligence analysis of unique interest and concern to transportation planning and execution, including transportation facilities, networks, capabilities.

**transportation priority.** A number assigned to a shipment that establishes its movement precedence by air, land, or sea within the DTS.

**Transportation Working Capital Fund (TWCF).** TWCF is the USTRANSCOM portion of the WCF transportation business area.

**transshipment point.** Point where the responsibility for an in-transit shipment is transferred from one mode or conveyance to another for further transportation to the consignee.

**Uniform Materiel Movement and Issue Priority System (UMMIPS).** DOD Directive 4410.6, Chap 5, Part F, specifies incremental time standards for requisition, issue, and movement of materiel for the DOD. The time standards apply to all transportation modes in peace and war and vary according to the priority and ultimate destination of the shipment.

**United States Transportation Command (USTRANSCOM).** The unified command which is the DOD single manager for sea, land, and air transportation in both peace

and war. USTRANSCOM controls all DOD transportation assets except those which are Service-unique or theater-assigned.

**waybill.** A document containing a list of goods and shipping instructions relative to a shipment.

**Working Capital Fund (WCF).** A revolving industrial fund concept for a large number of defense support functions, including transportation. Utilizes business-like cost accounting to determine total cost of business activity.



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**UNDERSTANDING THE DEFENSE TRANSPORTATION SYSTEM**

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**CUSTOMER FEEDBACK FORM**

Please use the following scale to answer questions 1 through 3 about this handbook:

E = Excellent      G = Good      F = Fair      P = Poor

1. Ease of Understanding: \_\_\_\_\_

2. Scope of Information: \_\_\_\_\_

3. Applicability: \_\_\_\_\_

4. Is there a subject that was omitted or presented in too little detail?

5. How can we improve this publication?

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